Daily Report

Latin America

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Cuba

Commentary on 'New, Important Phase' in Ecuador

PA1108211388 Havana International Service in Spanish 2300 GMT 10 Aug 88

["Our America" commentary read by Manolo Ortega]

[Text] Beginning 10 August, attorney Rodrigo Borja Cevallos, founder and leader of the Democratic Left, will be the new president of Ecuador, a country whose contrasts and problems differentiate it very little from the other Latin American nations.

It would not be exaggerating to say Borja is receiving—especially from an economic standpoint—a heavy burden from his predecessor, Leon Febres-Cordero.

In the past 4 years, the Ecuadoran foreign debt increased from $6.5 billion to more than $11 billion. Meanwhile, the population has seen inflation rise from 25 to 55 percent. Moreover, the exchange rate for the dollar increased from 90 to 520 sucres.

We must add that in 1987, revenues dropped by $1 billion in the wake of a March earthquake that destroyed the country's petroleum infrastructure, which paralyzed fuel exports for 6 months.

Despite this discouraging outlook, the optimism of the Social Democratic attorney, who is assuming the highest national office, seems to be going hand in hand with his government plans, which were set forth during the electoral campaign.

Aware he is facing great problems, Borja has been very cautious about making promises. Instead, he has preferred to draw general lines of action by proclaiming that the people's interests will be his government's priorities.

Nevertheless, concerning the foreign debt problem, the new president has pointed to the urgency of a review of the terms of the debt to avoid making payments at the expense of national development.

The new Ecuadoran president's electoral platform also mentions unemployment and poverty as priority issues that must be tackled mainly by analyzing their causes.

In the area of foreign policy, the ideas of defending the self-determination of the peoples, supporting the objectives of economic integration, and broadening relations with socialist countries might cause friction with the United States, a staunch enemy of nations' independent policies.

It would not be fair to make a priori predictions; however, there is no doubt Ecuador is entering a new and important phase of its political life in which President Rodrigo Borja must play an important role.

Joint Construction Enterprise With Angola Noted

FL1008181088 Havana Television Service in Spanish 0000 GMT 10 Aug 88

[Report by Omar de la Cruz and Omar George from Angola]

[Text] The Tecno-Giron enterprise is a joint Cuban-Angolan endeavor designed to promote the use of the Giron method in Angolan construction. This enterprise came about as a result of a request from the Angolan Government to resolve the problem of the shortage of educational installations, especially in the capital, Luanda.

Initially, the enterprise is producing prefabricated elements used in the construction of schools and child care centers. Later, in a second stage, the enterprise will expand to take part in construction of other social projects, such as hotels and hospitals. The Giron plant operated by the enterprise has the capacity to produce 12,000 cubic meters of concrete a year, which is equivalent to the annual production of 8 to 10 basic secondary school modules. The more significant projects built by the enterprise include a child care center and the basic secondary school in Cassinga. An elementary school and two other basic secondary schools are under construction right now.

Tecno-Giron has 180 Angolan workers and an equal number of Cuban workers in the Giron plant and in the plant devoted to construction projects. The Angolan workers are enrolled in a training program with the Cubans acting as advisers.

[Begin recording] [First speaker] So far we can say that the work has been good. There has been good progress. We have a number of trained Angolan comrades. For example, there are some Angolan workers who have learned to operate cranes. Others have qualified as masons, installers of iron rods, electricians; in short, we are training Angolan personnel on all fronts.

[Second speaker, in Portuguese] This Cuban assistance is very good for us Angolans, both the basic and trained mid-level personnel. [end recording]

The Tecno-Giron enterprise is an example of Cuban-Angolan cooperation to foster social projects that will benefit the population.

Dominican Republic

Authorities Take Over Seven Lending Houses

FL1108135188 Bonaire Trans World Radio in English 1130 GMT 11 Jul 88

[Text] In the Dominican Republic authorities have seized seven lending houses in order to safeguard deposits. The takeover is the latest in a series of financial shakeups by the government of President Joaquin Balaguer.

The seizure of the financieras, as they are called, comes several months after the bankruptcy of one of them and complaints by its depositors that they were not able to withdraw money from other lenders.

Financieras are thought to have controlled half of the country's savings. Thirty financiera officials have been barred from leaving the Dominican Republic.

Haiti

Police on Petit Goave Incidents, Arrests

FL1108210088 Port-au-Prince Radio Nationale in Creole 1300 GMT 11 Aug 88

[Text] We have learned that despite the many preparations going on in Petit Goave to celebrate the feast of the Assumption next 15 August, in nearby Grand Goave there is a big problem. The expulsion of Father Poirier and arguments with the [military] commander for the area is still the big news in the area. Our correspondent in the area, Mr Felix Beauvais, is going to give us more details on this problem.

[Begin Beauvais recording] While Petit Goave is making preparations to wholeheartedly celebrate the feast of the Assumption, the nearby town of Grand Goave remains a hot spot. It has been a hot spot ever since the business of Commandant (Danger), who is the chief of the fourth [rural] section of Grand Goave, and Father Rene Poirier, the Grand Goave parish priest.

As everyone knows, Father Rene Poirier, who is a Canadian, got into an argument with Commandant (Danger) last Friday, 5 August, during which he behaved very arrogantly and huffily toward (Danger). He treated (Danger) like trash, like a two-bit pillager; and he also denigrated the current government.

Commandant (Danger) was furious. He reported the fuss to the proper authorities, who deemed it necessary to make the priest get the hell out of Haiti, because as a Canadian, he had gone further than he had a right to go. That is what the police in Grand Goave said.

After this fuss, a bigshot from the same order as Brother (Luc Denomme), who was living with Father Rene Poirier in Grand Goave, came to get the monk last Wednesday at exactly 1225. The young people serving in the parish knew they were coming to take Brother (Luc Denomme). They did not remain idle.

As of 2000 on Tuesday, they began a vigil that was to end early Wednesday, the day they were coming to get the monk. This vigil was the reason the fuss in Grand Goave continued.

The police, who were also watching, for security reasons—according to what they told us—arrested five young people: Narelien Normil, who is going to enter the Rheto Class; Frantz Pascal, who is going to enter the Rheto Class; Fanfan Belrus, who is in the Quatrieme Class; Marie Kerline Belrus, who is going to enter the Seconde Class; and Marie Berrouet Lafontant, who is going to enter the third year of Brevet Superieur.

According—still—to the Grand Goave police, the police found a few weapons on the participants at the vigil, such as axes, knives, a grenade, and two books giving techniques on how to disarm policemen.

We met with the arrested youths, too. They told us that the vigil was a sign of solidarity with their spiritual guide, who was leaving the Grand Goave area, and that the books were a Spanish-language grammar and a (?breviary). As regards weapons, they had been seized from people coming to participate in the vigil, because there was a brigade there to search everyone who might attend. As regards the grenade, they said that while they were inside the presbytery grounds, someone from outside threw a box marked "grenades" into the grounds and ran off. They took the box and also ran in the direction the little box had come from. They were not able to catch the person. It was then that they ran across the policemen, who grabbed them.

As regards this mess, there are two major considerations that we can point out. First of all, democracy allows a man to embrace whatever religion his faith dictates, as long as he remains within certain boundaries and doesn't bother anyone, because one man's rights stop where another's begin.

Second, we call the attention of everyone who is expressing solidarity to the fact that there is no such thing as a citizen of the world, in the literal sense of the term; that is, a man who can put in his two cents regardless of the country he is in. That is only logical, because Haitians cannot just go do as they please in any other country. Thus, what happened here happens in all countries—but when it does, they call it raison d'etat, whereas in Haiti it is called dictatorship.

Therefore, it is normal for young people to take a position, but they must do it serenely and logically. They should not listen to people who are going to make them compromise their freedom.

In conclusion, to turn the page on this fuss, we inform the people that Captain Leonard Gelin has instituted complete security in Grand Goave, to the point where everything—commerce, public offices, and so forth—is functioning without fear. Thus the pilgrims and partygoers who had planned to attend the festivities on the feast of the Assumption can come without qualms, because Holy Mother the Virgin Mary is not involved in politics. [end recording]

CATH Office in Gros Morne Remains Closed

FL1108161988 Port-au-Prince Radio Soleil Network in Creole 1830 GMT 10 Aug 88

[Excerpts] The military in Gros Morne on Thursday, 4 August, prevented the members of the Autonomous Organization of Haitian Workers [CATH] from reopening the CATH office that a group of people vandalized and machinegunned on the night of 25 July. According to the military, the CATH must have a written authorization from the military department of Gonaives or from the Army general headquarters in order to reopen the office.

[Begin recording] [Speaker] In Gros Morne we have a (?federation) that we inaugurated on 23 July. I myself personally tried to invite all the town authorities to participate in the inauguration of the office. But for their own reasons, they didn't come. Gros Morne Commandant Charles Joseph did not come, but he did send a representative. So we opened the office (?on Sunday), and it was open all day Monday.

On the night of Monday, 25 July, at around midnight, they fired shots at the office.

[Reporter] At about what time did they fire at the office?

[Speaker] At around midnight or 1215. They fired bursts of ammunition at it. They machinegunned it. They used heavy weapons. And it is an office that is located....

[Reporter, interrupting] Do you have any idea who shot at it?

[Speaker] I don't have any idea who did it. The way it happened, the perpetrators cannot be unidentified. But the location of the office itself explains what kind of people did it because it is just a few steps away from the Gros Morne barracks.

[Reporter] (?So you mean) they shot in the area and the barracks doesn't even know about it?

[Speaker] Well, they never said anything to me about it.

[Reporter] How did they intervene?

[Speaker] They didn't intervene in any way. That is, when I went to the barracks on Thursday to open the office, I tried to get in to see the lieutenant. He told me that the office could not open, that he had received orders from his commander saying that he had to see an authorization from the general headquarters in Port-au-Prince or from Gambetta Hyppolite in order for something like that to take place in Gros Morne. He said that nothing was going to happen in Gros Morne while it was under his command. [passage omitted]

When he told me this (?I explained that) CATH is a legal institution, that there is a Labor Department in charge of this kind of thing, and that there has been no Labor Department communique saying that offices may not function. And he answered that he was not going to [words indistinct]. I think this is a violation of the Constitution.

Let me tell you, Gros Morne is the turf of macoutes linked to the Army. I mean, the Army in Gros Morne takes its orders from Gros Morne's macoutes. What the macoutes say must be done is what gets done. Get me? This is just so they can intimidate the peasants of Gros Morne so they can install the same kind of community council they have always had. [passage omitted] [end recording]

Calumette Peasants Report Macoute Activities

FL1108165688 Port-au-Prince Radio Soleil Network in Creole 1830 GMT 10 Aug 88

[Excerpts] Arrests of youths in Les Cayes, arrests of youths in Grand Goave, acts of vandalism and the forbidding of the reopening of the CATH [Autonomous Organization of Haitian Workers] offices in Gros Morne. That's not all. There is more of this kind of thing in (Belle-Anse), where the macoutes are giving the peasants a very hard time.

Last week, we received a letter from (Belle-Anse) explaining how the macoutes are running amok there and holding meetings.

Two peasants from Calumette, a communal section of (Belle-Anse), will explain to us what this group of macoutes did to them on 16 July. They wanted to have the thing heard in court, but things are being dragged out and only one of the bandits has been arrested. The peasants are asking for help with these macoutes.

[Begin recording] [Passage omitted] [First speaker] I went out and someone told me that my house had been broken into and ransacked. [passage omitted]

[Second speaker] It wasn't just our house they did this to on 16 July.

[Reporter] You mean there were other people...

[Second speaker, interrupting] Oh yes. [passage omitted]

[Reporter] How many people did they arrest for this?

[First speaker] Just one of them.

[Reporter] And you say it is a group of former tontons macoute?

[Second speaker] Yes, former macoutes who are robbing people (?in the upper) section. (?As the people go) to market, they take their machetes and chase the people,

dump their baskets on the ground, and take what they want. They cause disturbances. They ruin people's daughters, and the girls, ashamed, run away and don't get married. These are evil men. I ask the government to [words indistinct] so that (?it) will know what to do about these evil men. [end recording]

Government Lottery Officials Tour South

FL1008205588 Port-au-Prince Radio Nationale in Creole 1300 GMT 10 Aug 88

[Excerpts] We learn from a Haitian Government lottery press release that last weekend lottery officials toured southern Haiti to motivate the population and lead the residents to recognize the social value of this government institution. From Gressier to Les Cayes, Port-Salut, and Camp Perrin, mobile units with loudspeakers went up and down the streets and all the trails in the different areas to give the receptive population the latest information on the various activities of the Haitian Government lottery.

The tour's objective was not only to make the institution known, to let people know what exactly it is; it was also to inform the area's population that the Haitian Government lottery is not a purely commercial institution. It also has a humanitarian aspect. The institution exists to help the underprivileged. Thus, in its action program, the Haitian Government lottery intends to help underprivileged families and philanthropical associations and to open canteens for underprivileged children in Haiti. This is one of the things the Haitian Government lottery intends to do.

During this inaugural tour to southern Haiti, certain basic articles such as T-shirts, shoes, and several other items were distributed to the population of the area by the Haitian Government lottery. [passage omitted]

The press release also says that lottery officials are planning to make this same kind of tour to other parts of the country. They went to the South last weekend and they are planning to also go to the North, Northwest, South [as heard], and Southeast and to visit several very remote places, to inform the population as to what the lottery is. [passage omitted]

Jamaica

Seaga on Liberalized Foreign Exchange Controls

FL1008153388 Bonaire Trans World Radio in English 1130 GMT 9 Aug 88

[Text] Jamaican Prime Minister Edward Seaga has announced liberalized foreign exchange controls. These include the doubling of the amount of foreign exchange that can be sent out of Jamaica. The daily GLEANER newspaper reports the new vacation allowance for Jamaicans is doubled to $300 and the family maintenance payments to $2,000.

The measures took effect Monday when Mr Seaga issued a statement saying the Jamaican economy has improved.

Honduras

Foreign Ministry on Esquipulas, Summit Meeting

PA1108171888 Tegucigalpa Televisora Hondurena in Spanish 0100 GMT 11 Aug 88

[Communique issued by the Foreign Affairs Ministry in Tegucigalpa on 10 August]

[Text] The Foreign Affairs Ministry, with regard to reports on statements attributed to Guatemalan Foreign Minister Alfonso Cabrera Hidalgo, advises the public of the following:

1. The Sandinist government is keeping the Esquipulas II proceedings linked to an international lawsuit, and hence is paralyzing these proceedings.

2. Honduras adheres to the principle of active neutrality, which it does not consider opposed to democracy or regional security.

3. Honduras believes periodic meetings of the five democratic governments of Costa Rica, El Salvador, Guatemala, the United States of America, and Honduras are a positive factor in maintaining regional peace, without detriment to respect for the opinions of others in this regard.

4. President Jose Azcona Hoyo does not oppose a meeting of Central American presidents, but it must be agreed to by means of consultations among the five governments and after the obstacles raised to the fulfillment of Esquipulas II are overcome.

Nicaragua

Relations With Ecuador Restored 11 Aug

PA1108200088 Managua Radio Sandino in Spanish 1938 GMT 11 Aug 88

[Excerpt] Diplomatic relations between Ecuador and Nicaragua were formally reestablished at noon today, Nicaraguan time, after the signing of the corresponding document by the presidents of Ecuador and Nicaragua at the Foreign Ministry in Quito.

Relations between the two countries were broken by former Ecuadoran President Leon Febres-Cordero on 11 October 1985. [passage omitted]

D'Escoto Terms New Contra Funds 'Shameful'

PA1208043588 Managua BARRICADA in Spanish 11 Aug 88 p 5

[Article by Gabriela Selser]

[Text] Panama City—Nicaraguan Foreign Minister Miguel D'Escoto said here last night that the nine Latin American presidents present in Quito today will be analyzing the U.S. approval of more funds for the contras. The Nicaraguan foreign minister said this in announcing that in Ecuador his country will present a series of initiatives aimed at securing continental backing for the Sandinist revolution and the Panamanian Government.

The voting in the U.S. Congress in favor of support for the mercenaries "has to be one of the most important points" to be discussed during the Latin American summit meeting due to take place this afternoon in the Ecuadoran capital, D'Escoto noted after characterizing the latest U.S. decision as "tremendously shameful" for the United States.

The Nicaraguan foreign minister did not say what initiatives President Daniel Ortega will present today in Quito to his eight colleagues from the region, but it is believed they deal with specific political, diplomatic, and legal actions to stop Washington's aggressive activities in Central America.

D'Escoto was consulted by Nicaraguan reporters covering the presidential tour after the vote at the U.S. Congress renewing the Reagan administration's support for the mercenaries became known. Such a vote came exactly 1 year and 3 days after the signing of the Esquipulas peace agreement. D'Escoto spoke for a few minutes.

"It is a terrible shame for a country that terms itself democratic and describes itself as a champion of human rights to have discussed and approved an allocation of funds to support a force of terrorists and mercenaries whose sole purpose is to overthrow the Nicaraguan Government," he said.

He also said the decision again indicates the empire's arrogance and "the end of whatever credibility and honor the United States may still have had."

D'Escoto said yesterday's vote in the U.S. Congress reaffirms the idea that the Reagan government "does not care to abide by the international duties the government assumed when it signed the UN and OAS Charters," because U.S. leaders "speak about democracy but do not even permit the independence of other nations."

He added that although independence does not guarantee democracy, "it is an essential requirement for it." According to D'Escoto, although the approval of more funds for the contras does not necessarily entail the deaths of Esquipulas and Sapoa, the vote means the U.S. Government "is sinking lower and lower into the blood of innocent peoples who are the victims of the criminal U.S. Government policy." In addition, the foreign minister said that despite all this, the Nicaraguan Government continues to hope the will of Latin American peoples and governments will prevail more strongly, because, "after all, Esquipulas represented a challenge against the empire's will."

The official Nicaraguan delegation, which concluded a 3-day visit to Panama yesterday, will arrive in Quito this morning. Diplomatic relations between the two governments, which were suspended by President Leon Febres-Cordero 3 years ago, will be resumed in a special ceremony.

Contra Leader on New U.S. Aid, Cease-Fire

PA1208000788 Panama City ACAN in Spanish 2244 GMT 11 Aug 88

[Text] Guatemala City, 11 Aug (ACAN-EFE)—The Nicaraguan "contras" have made light of the $27-million "humanitarian aid" the United States will give them, because "it does not strengthen us," a leader of the Nicaraguan Resistance (RN) said today in Guatemala City.

Azucena Ferrey, adviser to the RN's director, stressed the economic assistance approved by the U.S. Senate yesterday "is not an alternative for our struggle."

After spending one day here, the RN leader left today for El Salvador to meet President Jose Napoleon Duarte and give him a letter in which the RN analyzes the meeting of Central American foreign ministers—with the exception of the Nicaraguan foreign minister—with U.S. Secretary of State George Shultz on 1 August.

She delivered a similar document yesterday to Guatemalan President Vinicio Cerezo, with whom she met privately.

Ferrey voiced skepticism about the effectiveness of the U.S. "humanitarian" aid, saying the "RN needs political space and support from the Central American peoples."

She said the United States has used the RN as a "buffer" [muro de contencion] regarding its domestic problems and electoral political interests.

Ferrey added that since March, when the talks with the Sandinist government began in Sapoa, "we pledged to observe a cease-fire indefinitely, but we will defend ourselves whenever we are attacked."

According to Ferrey, the contras have kept their commitments to the Nicaraguan people, the commission for verification of the regional Esquipulas II peace agreements, and the international commission composed of OAS Secretary General Joao Baena Soares, among others.

Ferrey asserted the Nicaraguan Government has violated the cease-fire, human rights, and the Esquipulas II agreement.

Panama

Amphictyonic Congress Closes in Panama City

Noriega Closing Speech

PA1208032588 Panama City Domestic Service in Spanish 0100 GMT 12 Aug 88

[Speech by General Manuel Antonio Noriega, commander in chief of the Defense Forces, at the closing ceremony of the preparatory meeting of the Second Amphictyonic Congress at the Atlapa Convention Center in Panama City—live]

[Text] Mr Manuel Solis Palma, president of the Republic of Panama; representatives of the Supreme Court of Justice, the Electoral Tribunal, and the Legislative Assembly; ministers of state; Panama City mayor; delegates; companeros and friends of America:

I respectfully bow before the talent of each of the delegates to this congress. According to the agenda, I am supposed to close this event, which is a preliminary meeting to prepare the second Panamanian Amphictyonic Congress. I want to tell you that no scholar inspired by Bolivar's doctrine would dare close such an event. Consequently, I, as a Panamanian citizen, do not deserve the honor of closing this historic event either. [applause]

Never before have so few men worried so many imperialists. This is why they sabotaged the South American delegates' trips. This is why they plotted against the Mexican delegates. This is why they sent the giant's centurion to tour and intimidate Latin America. However, Indian, black, half-breed, and southern America has said: Enough! Enough of fear, aggression, slander, psychological warfare, propaganda, and disinformation. Enough of the eagle that tears to pieces Bolivar's territory! [applause]

This evening I want to correct a pessimistic historical concept. We are beginning to believe it because we have repeated it so many times. It is so well written. The idea has been that Bolivar's efforts were in vain, that Bolivar was a dreamer who died in frustration, that Bolivar had delirious dreams. This was not so. It could not have been like this. We should not accept this belief. The plain truth is that from the time when he was in exile in Jamaica, his pan-Americanist ideas, as expressed in his letters dated on 7 December 1824 and the other in 1824, were correct. He was also correct in his doctrine drafted in Santa Marta.

As leader of a cause, Bolivar spoke analytically, and, as a military officer, he acted within an operational system. His paragraphs outlined procedures, courses of action, and alternatives, and he concluded by saying: I, Commander Bolivar, will be at a certain place and hold a certain position.

That is why we cannot speak of Bolivar's frustrations. We must speak of his analyses, his courses of action, of the operational system he bequeathed to Latin Americans, to Indians, to blacks, to the Argentines [Australes], to be carried out yesterday, today, or tomorrow in Mexico or Honduras, in Argentina or Peru, in Bolivia or Panama.

We must say here that this congress, and this aristocracy of talent that is bestowing prestige upon it, consists of men who made history. In an inventory of their contributions to their countries and to Latin America, their actions are marked by distinction. The military men and civilians who are present here, whose names also belong to the annals of history—they know who they are—accelerated the progress of the 1970's in South America in order to confront the common enemy who today, in each successive reincarnation, appears before us with a new mode of economic and psychological aggression. It is imperialism that put Latin America in debt with the surplus petrodollars of the 1970's and Arab capital in its bank vaults, so much so that 10 years later, Latin America could be its captive, dependent, and an easy prey for its appetite for extermination. The imperialists neither seek nor accept friends but only docile servants, computer robots, who speak in verbs that mean submission.

Let us not fool ourselves. Panama is a mirror in which other governments and peoples below the Rio Bravo must see themselves. Because of its voracious desire for domination and its plans for military and political control, the U.S. Government has tried to establish a model alien to Panamanian culture and habits and to install a government of servile men who adhere to the U.S. Government's plans. Here in Panama, I state in the name of the people, in the name of resistance, in the name of dignity, reflected in our Armed Forces and our shirtless ones [descamisados], that what the United States needs—and this is why it is strangling us—is:

1. An active military presence after the year 1999;

2. A Panamanian administrator of the Panama Canal who is unconditionally loyal to the United States; and

3. Military bases like Galeta Island, which can continue to provide sophisticated instruments for the geopolitical monitoring that gave the United States the desired results in the Malvinas war against Argentina, against Galtieri [Argentine president at the time of the Falklands war], whom the United States betrayed and threatened through its messengers Haig and Walters.

In this way, like us, every country should shout about the aggression it has suffered. Today, in this hour of the people, in this trench of dignity, we can state as our doctrine and conclusion that the sum of all the acts of aggression against the Latin American peoples is directly proportionate to the rebelliousness, patriotism, and dignity of each square meter of the nations that were liberated by Bolivar.

We want to denounce here the lack of respect toward all the Latin American nations and toward all the world's nations inherent in the attempt by U.S. officials to disregard, invalidate, and abrogate the meaning of President Carter's signature on the U.S. treaties with Panama. We also denounce the U.S. attempt to mock the nations, presidents, and dignitaries who, on 7 September 1977, went to the OAS to serve as guarantors of the U.S. commitment.

In closing the sessions of this meeting, rich in proposals and in realities that reflect the dawn of the 21st century, it is necessary to perfect the Bolivarian pan-Americanism that enlightened political jurists such as Luis Quintanilla, who said that the OAS and the United Nations are the development of their inspired intuition.

Also, we must always remember the liberator's [Simon Bolivar's] cry of warning. Near the end of his life, he began clearly to see the hegemonic role that the United States would play in Latin America.

In a letter addressed to Patricio Campbell, a British soldier, Bolivar said: It seems that fate has appointed the United States as the country that will fill Latin America with misery in the name of freedom.

Your meeting has come to an end. You may have used different words and languages to express yourselves, but you have one thing in common: You believe, like Bolivar believed, in a united continent without territorial boundaries or borders, a continent where the people's sovereignty is respected. As [Venezuelan historian Rufino] Blanco Fombona said in his work "Political Essays on the Spirit of Bolivar," the Argentine people deserve the highest glory. Residents of the Plata River area, your currency represents unity in Latin America. Uruguay is one of our most praiseworthy nations.

The illustrious Mexico is worthy of replacing Madrid as the capital city of the liberated continent. Mexicans will be free because they have embraced the homeland and are determined to avenge their forefathers or follow them to the grave. Quito Province is large, beautiful, and heavily populated; Guayaquil has no comparison and it is very Colombian. Ecuador is the country of hope. Chile's Navy has carried out important missions in the southern seas; Chile's Navy is capable of sailing to Paraguay to defend the best of men. Nueva Granada [Colombia] is the heart of Latin America.

Peru is unique in the hearts of men. Peru must be defended even if it has to be with our bare hands. I am obligated to defend Bolivia because it is our second Colombia. I am the father of the first Colombia and the son of the second Colombia. Venezuela is the homeland of heroes. Puerto Rico and Cuba must be liberated. Are these islanders not Latin Americans? Are they not being humiliated? Do they not want their own well-being?

How wonderful it would be if the isthmus of Panama could be for us what Corinth was for the Greeks. With a vision of the future come true with regard to Honduras, Nicaragua, Costa Rica, El Salvador, and Guatemala, Panama's excellent geographical position between the two great oceans could in time make it the center of the universe. Its canals will traverse distances and strengthen commercial ties among Europe, America, and Asia. From the four corners of the world, people will come to this land. Perhaps someday the capital city of the world will be located here, just as Constantine tried to do with Byzantium. Of America, she is the most beautiful. [applause]

On the fourth day of this meeting, where no ideological or radical positions were presented, where we sought what unites us rather than what divides us, we showed the world and proudly showed our Indian, black, mestizo, and caucasian citizens that the peoples' time has come. In bidding you farewell, in saying until we meet again during the Second Amphictyonic Congress, I profess, in your name, your love for Latin America and our independence.

I want you to know that here in Panama, your brothers felt duty-bound to maintain the trench of dignity, even though we are being threatened with extermination. We are convinced that the nationalist fighters do not control their own lives; their lives belong to the homeland. Not one step backward! [applause]

Security Commission Report

PA1208024888 Panama City Domestic Service in Spanish 0003 GMT 12 Aug 88

[Report by the Commission on Latin American and Caribbean Security, Defense, and Armed Forces of the preparatory meeting of the Second Amphictyonic Congress at the Atlapa Convention Center in Panama City—live; read by Peruvian General Edgardo Mercado Jarrin, retired]

[Text] On the subject of security, defense, and armed forces in Latin America and the Caribbean, Working Group No 5 has reached the following conclusions:

The traditional concept of collective, regional, and integral security is based on premises that are no longer valid. The inter-American security system lost its validity as a result of the Malvinas war. There is an open controversy surrounding ways to deal with the Central American conflict; there is economic tension between the United States and Latin America; there are changes in the South American geopolitical situation; there is extreme poverty, the foreign debt, drug-trafficking, foreign troops in Latin America and the Caribbean, and there are colonial enclaves. All this has radically changed our original concept of security.

To this we can add the generalized skepticism with regard to the inter-American security system contained in the Rio treaty [the Inter-American Reciprocal Assistance Treaty] signed by Latin American and Caribbean countries. This became an obvious fact in the wake of the Malvinas war, the invasion of Grenada, the Central American crisis, and the Panamanian situation.

Based on this record, it can be deduced that it is advisable for Latin America to annul the Reciprocal Assistance Treaty because now there is no justification for it, even in the event of an eventual external threat.

The creation of our own security system must not be based on an exclusively military conception; it should primarily involve political, economic, and social aspects. Strategic progress must be made in neutralizing foreign aggression. We should lay the foundation for a new Latin American and Caribbean security and defensive system in order to guarantee self-determination and nonintervention in the area's domestic affairs. We must prevent social changes in the region from being viewed as provoking political instability and as threats to regional strategic interests and security.

It is necessary to produce collective economic security measures in order to rapidly adopt common defensive measures with which to face actions aimed at penalizing and pressuring any Latin American or Caribbean country. We believe that SELA is an adequate organization to accomplish this.

We reject economic pressure on Panama. Regarding the situation in the region, it is obvious that our people's real enemy is social injustice and foreign oppression in the political, economic, social, and military arenas.

In most of the Latin American countries, there is a schism between the people and military institutions. National security doctrines are evidently being questioned. Because of this, we believe it is advisable to create a Latin American and Caribbean consultative body that would act as a permanent mechanism to promote political agreements. It is believed that the Group of Eight could open the way for the establishment of our own political system. Therefore, we demand that its members immediately reincorporate Panama into the Group of Eight. [applause]

Latin American and Caribbean security should be enhanced by a regional general staff and a regional defense staff. This should be backed by periodic meetings among the commanders in chief of the armed forces of all the area countries.

We reject and condemn all forms of aggression against Panama. We also reject threats of military aggression. Likewise, we reject and condemn the continuous violations of the 1977 Torrijos-Carter treaties. We condemn the U.S. efforts to ignore those treaties.

Thank you very much. [applause]

Law Commission Report

PA1208042288 Panama City Domestic Service in Spanish 2324 GMT 11 Aug 88

[Report by the Law and Integration Commission of the preparatory meeting of the Second Amphictyonic Congress at the Atlapa Convention Center in Panama City]

[Text] Law and Integration Commission.

Participants: Otoniel Rosa Velez, Puerto Rico; Carlos Alberto Gonzalez, Paraguay; Jaime Sanin, Colombia; Raul Bonner, Panama; Pedro Aguirre, Mexico; Hassal Schumann, Belize; Roberto Montanez, Panama; Jose Galats, Colombia; Julio Bermudez, Panama; Jorge Luis Fagani, Argentina; Virginia Figueroa, Honduras; Omar Garcia, Argentina; Donna Mill, Nicaragua; Nicolas Alvarado, Panama; Taira Barsal, Panama; and Vicenta Arosemena, Panama; moderator, Sergio Luis Fagani; reporter, Virginia Figueroa.

The districts delegated to the Second Amphictyonic Congress in Panama, gathering in Panama City 8-12 August 1988, invited by the organizing committee as Latin American and Caribbean representatives, whereas:

1. Having obtained their sovereignty and full independence from the old empires in different eras of the past and present centuries, diverse historical circumstances have led all of the Latin American and Caribbean nations to form small, poor, and weak states; because of this, foreign powers have made them the victims of innumerable violations of their sovereignty, territorial integrity, and dignity as free countries. This is especially true of U.S. and British imperialism, which has gone to the extreme of reducing these nations to semi-colonial states and treating them as zones of influence or satellite countries, illegally but effectively dominated by nations foreign to their territory and their national temperament.

2. Because of their small size and population, each of these countries has been unable to provide for their development by giving their population the necessary resources to lead dignified lives as men. Their people, therefore, are victims of ignorance, joblessness, short life spans because of untreated diseases, malnutrition, backwardness in public services essential to contemporary life, inadequate housing, and, consequently, crime and violence inevitable in societies in which basic human rights are seriously and permanently violated to the point where the people are considered victims of institutional violence.

3. The objectionable term Third World—applied to most of the countries south of the Tropic of Cancer, which are described as underdeveloped—constitutes the greatest worldwide injustice by an international structure built upon the most obviously impaired distribution of wealth.

4. Under these conditions, lacking the resources to meet their people's most urgent needs, the underdeveloped states in our continent have been forced to accept huge loans. It has become obvious, however, that their foreign debts are impossible to pay, because of their unjust origins.

5. Meanwhile, political incidents that violate international law have taken place, which are no less serious than those of the past century. This is proven by Great Britain's continued possession of the Malvinas Islands; the ostentatious U.S. invasions of the Dominican Republic and Grenada; the merciless economic blockade that Cuba and Nicaragua have been subjected to for many years, unmitigated even by the trade of essential medicine for many of these nations' inhabitants; the mining of Nicaragua's ports; the rejection of the decision by the International Court of Justice [ICJ] at The Hague, a court acknowledged by the United States when it benefits from its decisions; the creation and maintenance of the counterrevolutionary forces with U.S. resources, thus forcing a small and poor country to invest its few resources and credits on disproportionate war expenses, with the consequent deterioration of the basic services its people are entitled to; the open, violent, and public U.S. intervention in the Panamanian Government's internal affairs, thus violating the international law that calls for the automatic acknowledgement of internal changes in American states, as is systematically practiced in other countries.

6. The fulfillment of treaties between the United States and Panama regarding the latter's territorial integrity is considered public, international, and American, and all the neighboring countries should be alert to this.

7. In addition to the territories seized from Mexico during the past century, the island of Puerto Rico is still being held as the booty of war and has been denied the right to sovereignty and to decide its own future.

8. There have been countless and continued covert interventions in our countries' affairs; those who have a great deal have intimidated us because we have nothing, which is comparable to an employer who pretends to be signing an open labor contract with wage-earners pressed by hunger.

[We report on:]

1. Violations of international law in Latin America, especially in Panama, and implications for Latin America's future. We have drawn up a brief sketch of the problems affecting the following countries.

Panama: Violations of international law by violating the Latin American and Caribbean nations' sovereignty is the result of the imperial U.S. Government's aggressive policies and desire to dominate the region. In the past year, Panama has been subjected to a systematic political and economic aggression and has been threatened with a

military invasion by the U.S. Government. Coercive economic measures have been implemented with the intention of destabilizing the Panamanian Government and forcing it to comply with the U.S. plan to dominate the region. The economic aggressions and threats of military invasion are an effort to replace the Torrijos-Carter treaties with a pact that will allow that nation to extend its military presence in Panamanian territory beyond the year 2000.

Stressing our condemnation of aggression against Nicaragua, we point out the U.S. Government's failure to acknowledge the resolution issued on 27 July 1986 by the ICJ, which demands the military aggression against Nicaragua be stopped. The U.S. Government has not respected Latin America's and especially Nicaragua's sovereign right to elect their representatives to the OAS, which has its headquarters in Washington, by claiming the right to veto. It is illegal and immoral for the U.S. Congress to hold debates on the financing of the counterrevolutionary groups that are attacking the Nicaraguan Government, with which the United States maintains diplomatic relations, because such an action could be regarded as state terrorism.

It is illegal and immoral to subject the Nicaraguan nation to conditions of hunger and poverty through a commercial and financial blockade.

Honduras: Honduras has been occupied by the U.S. Army. The Nicaraguan counterrevolutionary forces have installations in Honduran territory, thus using the country to attack another. This is a violation of national sovereignty, the Honduran Constitution, and the principle of nonintervention in neighboring countries' decisions.

Argentina: The establishment of a nuclear fortress that endangers South American cities, the colonial habit of constantly violating the principles of international law, the Malvinas case, and the impossibility of holding funeral services for the Argentine soldiers buried in territory that belongs to them are examples [of violations]. Many fruitless efforts were made at various international forums to prevent the Argentines from arriving at the island's cemetery and having to hoist a British flag. The Argentines have every right to go anywhere within their country's territory and pay homage to their dead with their flag. This commission strongly requests the international community seek an end to this fraudulent violation of the most basic human rights.

2. Bases for peace in Latin America and the Caribbean. Mechanisms to resolve the regional conflict.

To establish concrete bases for peace in Latin America and the Caribbean by deciding the most appropriate mechanisms to resolve the regional conflicts affecting us, we believe the Contadora and Support Groups should resume their activities, the International Verification and Follow-Up Commission should be reestablished, and Panama should be reinstated into the Group of Eight.

3. Analysis of currently existing regional organizations and the basis for the creation of an organization of Latin American and Caribbean states.

The currently existing regional organizations, as a general rule, are so structured that they do not contribute to effective Latin American integration for the purpose of achieving independence and development with social justice.

The OAS, which came into existence at the ninth Bogota conference in 1948, is the institutional expression of pan-Americanism, conceived by powerful U.S. sectors for the express or covert purpose of making all the nations south of the Rio Grande the backyard of their power politics. The creation of an organization based upon a spiritual and political union of the Latin American and Caribbean people is an essential condition if the year 2000 is to find us either united or dominated. The OAS, complemented by other integrationist causes that will lead to continental unity, must have true and realistic methods of organizing and operating; it must not resort to the rambling and purely declaratory nature of the existing organizations. If we establish the political bases for its implementation apart from the agreement between the states, the Latin American and Caribbean states would have a successful organization, a union of municipalities from various countries on the continent seeking common solutions to their common problems, the regional integration of provincial governments from different countries that would do the same, the organization in continental nuclei of unions of similar fields and activities, and the same in rural, neighborhood, student, and professional organizations, etc.

Only by reaching out to the rank and file and making them leaders of our people will the integrationist ideal find support and become a reality. The opening of a permanent office headquartered in Panama will allow a continual integrationist flow which by participation would encourage the implementation of the new organization at various levels.

Conclusions of Commission No 2:

1. We condemn the warmongering policies of the current U.S. Government, which with its low-intensity war against several brother countries struggling to perfect their independence has used military bases located in Panama's sovereign territory to prepare, distribute, and train troops sheltered by the sinister Southern Command.

2. We condemn the economic blockade, the threat of a military intervention, the policy of blackmail, the psychological war, the sinister plans against ranking Panamanian Government figures, and the low-intensity conflict, because these actions are illegal and violate the basic principles of the UN Charter.

3. We demand the fulfillment of the Torrijos-Carter treaties, rejecting the U.S. plan to unilaterally annul the Panama Canal and Panama Canal Neutrality Treaties of 1977. The United States has emphasized that the Neutrality Treaty is a multinational pact signed by many countries. Both pacts guarantee the end of the colony's presence and the perfecting of Panama's independence and sovereignty.

4. We condemn the U.S. policy of meddling in Panama's internal affairs, because it is aimed at bending the unshakeable will of the Panamanian people to exercise their self-determination.

5. We recognize the Contadora and Support Groups—which compose the Group of Eight—as legitimate Latin American options in the search for solutions to the regional conflicts.

6. It is necessary to defend the Esquipulas agreement as an expression of the Central American governments' will to resolve their problems in a peaceful and sovereign way.

7. We state our appreciation for, and urge the reinstatement of, the significant participation of the International Commission for Verification and Control—which is composed of the Contadora Group, the Support Group, the OAS, and the United Nations as guarantors of compliance with the Esquipulas agreements.

8. The U.S. Government must urgently abide by the resolution of the ICJ and take steps to pay compensation for the damages inflicted on the Nicaraguan Government and people as determined by the ruling.

9. We suggest that the chairman of this meeting make known to the U.S. Congress our disagreement with the discussion of new financing for the counterrevolutionary bands this month.

10. We call for the withdrawal of the U.S. Army from Latin America and the Caribbean and an end of the aid to the contras.

11. Puerto Rico is an integral and inseparable part of Latin America and its integration into Latin America—which is a priority point on the Bolivarian agenda—will only be achieved through Puerto Rico's independence.

12. We repudiate any attempt at either maintaining—through subterfuge, new modalities, or denomination—the Puerto Rican people in their present colonial status or at assimilating them.

13. Once Puerto Rico achieves political independence, we will cooperate and help this sister nation achieve the transition from a colonial economy to the economy of a free people, and we back the Puerto Rican people's just demands, which stem from 90 years of U.S. economic exploitation.

14. The international community in general, and this congress in particular, should take action to enable the relatives of the Argentine soldiers buried on the Malvinas Islands to hold funeral rites for their dead ones under the Argentine flag.

Nicaragua's Ortega Departs After 3-Day Visit
PA1108135988 Panama City ACAN in Spanish 1335 GMT 11 Aug 88

[Excerpt] Panama City, 11 Aug (ACAN-EFE)—Today Nicaraguan President Daniel Ortega left for Quito after a 3-day visit to Panama, during which he met with Manuel Solis Palma, minister in charge of the Presidency, and military commander General Manuel Antonio Noriega.

Ortega, who left at 0730 (1230 GMT) aboard a Cubana de Aviacion "charter" flight, said shortly before leaving that Panama must continue to mediate in the Central American conflict as part of the Contadora Group, which is also made up of Colombia, Mexico, and Venezuela.

Ortega, who was seen off at the Defense Forces airport by President Solis Palma and his cabinet, said: "Nicaragua and Panama must continue seekng democracy, peace, and liberty in the region." "Our trip to Panama aimed to strengthen relations between our two countries," the Nicaraguan president added. [passage omitted]

Argentina

Expulsion Ordered of RSA Consul, 3 Others

PY1208000288 Buenos Aires TELAM in Spanish 2259 GMT 11 Aug 88

[Text] Buenos Aires, 11 Aug (TELAM)—The executive branch has ordered the expulsion from Argentina of the RSA consul in Buenos Aires, Dirk de Wet, and the immediate expulsion of three South African citizens.

Gerrit Olivier, Ismael Richards, and Bennet Ndlazi had requested visas from the Argentine consulate in Johannesburg to make a 2-day orientation visit to Buenos Aires and to make contacts with the RSA consul in Buenos Aires.

According to a Foreign Ministry communique, the government was surprised that the information contained in the visa applications was flagrantly twisted. Contrary to their statements, the three people arrived as the only speakers today at a seminar officially sponsored by the RSA consulate at a hotel in Buenos Aires, a seminar about which the Argentine authorities were not informed.

Argentina broke off relations with the RSA on 22 May 1986. President Raul Alfonsin decided to break relations because of what he considered to be destabilizing and inteventionist approaches by the RSA racist authorities.

Ambassador To UN Seeks Malvinas Resolution

PY1108212788 Buenos Aires DYN in Spanish 1950 GMT 11 Aug 88

[Text] New York (United Nations), 11 Aug (AFP)—Today Marcelo R. Delpech, the Argentine ambassador to the United Nations, said before the UN Decolonization Committee that the indefinite prolongation of the controversy over the sovereignty of the Malvinas Islands, especially concerning the absence of a mechanism to find a solution to the dispute, conspires against stability in the southwest Atlantic.

The continued refusal by the British Government to accept and comply with the appropriate resolutions of this special committee and those of the UN General Assembly continue to encourage legitimate doubts about the UK's true goals, Delpech added.

He emphasized the unwise and unnecessary steps taken by the UK in the southwest Atlantic, especially the military maneuvers, which are not in keeping with the positive spirit and care required to restore normlacy.

Finally, Ambassador Delpech ratified Argentina's firm decision of seeking a negotiated and peaceful resolution of all the pending problems with the UK and to the fair Argentine claim of sovereignty over the Malvinas Islands, South Georgia Islands, and South Sandwich Islands.

Shortly after Delpech's speech, the UN Decolonization Committee approved by a 20-0 decision, with 4 abstentions, a resolution asking for the implementation of negotiations between the UK and Argentina in order to find, as soon as possible, a peaceful, fair, and lasting solution to the controversy on the sovereignty over the Malvinas Islands.

Measure Demanding Talks Passes

PY1108210988 Buenos Aires DYN in Spanish 1956 GMT 11 Aug 88

[Text] New York, 11 Aug (AFP)—Today the UN Decolonization Committee approved by 20 votes and 4 abstentions a resolution demanding negotiations between Great Britain and Argentina, seeking in the shortest possible time a peaceful, just, and lasting solution to the sovereignty issue regarding the Malvinas Islands.

Andres Aguilar, Venezuelan ambassador to the United Nations, who submitted the resolution on behalf of Venezuela, Cuba, and Chile, said that it is deplorable that 20 years after the United Nations General Assembly approved resolution No 2065, the anachronistic colonial situation in the Malvinas Islands remains unresolved. In his presentation, Aguilar also reaffirmed the support extended to the good offices mission undertaken by the UN secretary general in an effort to help both sides comply with the UN resolutions.

Marcelo Delpech, Argentine ambassador to the United Nations, said in a speech that Argentina will never give up its objective of recovering full sovereignty over the Malvinas Islands.

Norway, Trinidad and Tobago, Sierra Leone, and Fiji are the four committee members that abstained.

Government Confirms Sending Delegation to Gulf

PY1108185588 Buenos Aires Domestic Service in Spanish 1600 GMT 1 Aug 88

[Report by Nestor Esclausero from the Foreign Ministry]

[Excerpts] It is known that our country has confirmed its participation in the delegation of observers which will supervise the situation in the Persian Gulf as of 20 August, when the cease-fire between Iraq and Iran goes into effect.

This fact is contained in a communique that the Foreign Ministry released some minutes ago.

The communique expresses the very deep satisfaction felt by the Argentine Government over the success of the effort made by the United Nations to obtain a cease-fire in the region and for the beginning of negotiations on the full implementation of Resolution No 598 of 1987.

It states that Argentina will participate in the group of observers that has been created by the UN resolution, but it also states that some members of this group, which is not a peacekeeping force like the Blue Helmets, have already arrived in Tehran and Baghdad.

Finally, the communique indicates that our country is a member of the Security Council and that it maintains traditional relations with Iran and Iraq, and it hopes that those two countries will continue to cooperate in seeking a negotiated, just, and honorable solution to their differences. [passage omitted]

Thus, we can confirm that our country will participate in the delegation of observers. Our team will consist of 10 officers and noncommissioned officers, who have yet to be chosen. The name of the commander of the Argentine delegation is already known. It is the Army inspector general, General Enrique Jorge Bianchi. [passage omitted]

Military Source on U.S. Arms, Testing of Plane
PY1108141288 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1811 GMT 10 Aug 88

[Quotation marks as received]

[Text] Buenos Aires, 10 Aug (NA)—Two Pampa I-A planes will be sent to the United States at the end of September to continue the tests U.S. pilots started here. The planes will be sent to the United States at the time Defense Minister Horacio Jaunarena pays an official visit to his U.S. counterpart, Frank Carlucci.

At the invitation of U.S. [words indistinct] last week, Jaunarena will travel to Washington in the company of Jose Maria Llados, secretary for defense production, on 26 September and return on 2 October.

A high-ranking military source has said that sending the planes to the United States "is not the end of the process. There are still several steps to take." He admitted, however, that there are good possibilities of making deals."

It has been said that Argentina is seeking a partner among the U.S. Armed Forces suppliers. It has also been said that "Fairchild," which has had one of its model trainers rejected, could be this partner.

The source admitted that negotiations for the sale of the "Pampa" planes have been underway "since Caspar Weinberger was the U.S. secretary of defense, and they have never stopped."

The source added: "As the time to make decisions comes closer, the international pressure exerted by other aircraft manufacturers, such as Italy with the Air Macchi 339, will increase." The United States must replace its fleet of trainers to meet its needs for the coming decade. This means a total of 400 planes will have to be manufactured.

Commenting on the U.S. position regarding the sale of U.S. war materiel to Argentina—which has been blocked by the United Kingdom since the Malvinas war—the source said: "The United States has changed its position and is now willing to consider the Argentine requests for materiel on a selective basis."

The source explained: "In other words, each of our requests is studied on a case-by-case basis. They have decided to maintain this policy until November, when there will be presidential elections in the United States.

Within this framework, the source indicated that "the final details are being adjusted" for the supply of spare parts for the Army's helicopters and armored vehicles, "and the matter has been resolved in a positive manner."

The spokesman stated that "at this time we are in the final stretch, but an $18-million line of credit has already been granted."

He said later that "if the United States has decided to provide the spare parts for the helicopters, then there is the possibility that it will also grant lines of credit in the future for the supply of these machines. If they sell us spare parts, then why are they not going to sell us helicopters?" the source wondered.

It is also believed that the U.S. Navy is "well disposed" to sell the special type of helicopter that is needed for Argentina's Meko-class destroyers.

Admiral Ramon Arosa is currently visiting the United States on an official visit that will last until 22 August, and it is believed that he will bring up the topic of the helicopters in his talks with high-ranking U.S. Navy officers.

All these commercial operations between Argentina and the United States started to become consolidated once it became evident that "the democratic system had become established," the source stated, adding that "they have seen the same faces and the same officials since 1984."

Regarding the conflict over the sale of U.S. combat planes to the Air Force, the source indicated that the blockade "could be broken if the United States decides to purchase the Argentine Pampa."

The source also mentioned a series of "positive gestures and signals" toward Argentina, including the recent visit to Argentina of General Carl Vuono, the commander in chief of the U.S. Army [title as received], who "was very impressed with the educational system of the Military College and also with the performance of the TAM tanks and armored vehicles."

Regarding the sale of 56 medium-sized tanks to Ecuador, the source said that "all our efforts are concentrated on this deal," because "to open up other commercial fronts would make us lose steam in the deal with Ecuador."

He indicated that "we hope the deal will be clinched after the new president assumes his post."

He admitted that a TAM tank is on its way to a Middle East country, which he did not name, but those negotiations "still have to mature."

The source added: "We are now concentrating on the sale to Ecuador, and therefore we are not fully dedicating ourselves to eventual sales in the Middle East or the United States. Afterward, we'll see."

Bolivia

President Delivers State of Nation Address

PY1108210288 La Paz EL DIARIO in Spanish 7 Aug 88 pp 1, 14

[Report on speech by President Paz Estenssoro to joint session of Congress on the anniversary of Bolivia's independence; in La Paz on 6 August]

[Excerpts] [Passage omitted] The decline in the mining sector has turned hydrocarbons into the key factor of the national economy. In 1987 YPFB and foreign companies produced liquid hydrocarbons at an average of 24,753 barrels per day, which represents an increase of 2 percent over 1986 production. This has been sufficient to meet national demands. However, the refining process during the first quarter on 1988 encountered a deficit between production and demand.

Natural gas production by YPFB and the foreign companies has yielded an average of 290 million cubic feet per day, discounting the amount reinjected into the wells. Of this, 216 million cubic feet per day were exported to Argentina, and approximately 28 million cubic feet were domestically consumed.

The YPFB is involved in development projects intended to increase the current production level. Some of these projects will be concluded this year.

There are several gas pipelines and multi-pipelines [poliductos] being built as part of the development of the national energy policy. There are other projects that will probably begin construction in the near future.

Regardless of the financial difficulties experienced by YPFB, in 1987 this enterprise made a net profit of 14 million Bolivian pesos in its economic operation.

The available electricity production represents a decisive factor for development. Therefore, the government has made a point, among its many tasks, of increasing the installed capacity. By June 1988, the capacity rose to 579.3 megawatts.

During the period between August 1987 and today, the electricity sector has carried out several activities seeking the regularization, development, and improvement of institutional, financial, and operational aspects of rural electrification and planning.

ENDE [National Electric Power Enterprise], YPFB, and the United Nations are carrying out, with the cooperation of Italy, a geothermical study project in Laguna Colorada, Potosi Department, to generate electricity.

The first stage of the National Energy Plan has been prepared using the technical assistance of the World Bank and the financial support of the UN Development Program. This plan provides for a short-term energy policy reactivation program.

With the suspension of the fiscal reserves, which include more than 80 percent of the mineral areas in the country, important zones have been included for exploration and exploitation by national and foreign companies in order to establish new productive centers.

The Central Bank has begun a program to purchase gold, paying 5 percent over the international market price, with positive results. In 1986 the country exported 610 kg of fine gold, while in 1987 it exported 1,587 kg of this precious metal, and this year the estimate is that the country will export 3,900 kg.

Rehabilitation work began last year in COMIBOL's mining centers, allowing profitable and rational exploitation, seeking also the reorganization of COMIBOL's administrative apparatus. This work has so far resulted in a gradual increase in the income of productive operations and eliminated areas where huge losses have occurred.

He regretted that the labor organizations oppose the technical and administrative reorganization of COMIBOL. This reorganization has been implemented in all of COMIBOL's mines.

The technical studies on the veins of mineral ore that are to be found in Cerro Rico, Potosi, indicate that the potential surpasses 600 million tons of mineral ore, which contain between 5 and 8 troy ounces of silver per ton and 0.3 to 0.4 percent of tin.

In this report, the chief of state outlines a good future for the mining and metallurgical sectors with the reactivation of Vinto, the inauguration of the Karachipampa complex, and other projects that will be implemented in the very near future.

Industry [subhead]

The gross industrial product grew by 7.24 percent in 1987, following a steady fall that began in 1979.

The number of new factories that were registered in the industrial registry grew by 13 percent in 1987, integrating 36 million bolivianos in social capital, while in 1987 it only amounted to 8.6 million.

As of 1986 the agro-industrial sector has overcome its negative growth in its physical volume, which increased by 5 percent during the first 3 months of 1988, when compared to the same period in 1987. [passage omitted]

Transport and Communications [subhead]

The Chimore-Yapacani highway will be open to traffic in the very near future; the Sucre-Totacoa highway (17 km) was finished in December 1987; the gravel surface of the Bella Vista-Quiquibey highway (67 km) was also completed; the Yacumo-Rurrenabaque stretch (102 km) will be opened to traffic in September 1988; the Santa Rosa-Riberalta highway (410 km) will be concluded by the end of the year; and so will the paving of the (10 km) La Paz-Cotapata stretch. The improvement of secondary highways in La Paz, Cochabamba, Santa Cruz, and Chuquisaca Departments, a total of 1,296 km, was also concluded.

The Santa Cruz-Trinidad and Puerto Rico-Nueva Ethea highways are under construction in addition to others which are under construction or improvement. Regarding the railways, the policy is directed at implementing the joining of the eastern and western networks with the Aiquile-Santa Cruz link. The appropriate studies, with a contribution from Brazil, have already concluded and are now being evaluated.

Regarding Lloyd Aereo Boliviano Airline, the main concern was the reorganization of the enterprise. Swissair was contracted as adviser and it has submitted a plan that includes financial, organizational, administrative, and computer aspects.

The National Telecommunications Enterprise is fully capable of financing its expansion and replacing its equipment. Between now and the end of the year the expansion of the microwave trunk network will be concluded, as will be the digital telephone exchanges of that same network, in addition to other projects that are being implemented.

Social Policy [subhead]

From August 1987 to date there were 118 strikes demanding an increase in wages and salaries. Most of these conflicts were overcome through dialogue and legal negotiations. A total of 61 negotiated salary increases were approved, 8,229 requests for social benefits were approved and implemented, and 1,161 individual labor contracts were given legal status. [passage omitted]

Further on Speech

PY1108233188 La Paz PRESENCIA in Spanish 7 Aug 88 pp 1, 8

[Report on speech by President Paz Estenssoro to joint session of Congress on the anniversary of Bolivia's independence; in La Paz on 6 August—quotation marks as published]

[Text] Yesterday, in his state of the nation address to Congress, President Victor Paz Estenssoro said that democratic stability and the restructuring of the economy have allowed Bolivia to obtain financial resources through loans and investments. Political and economic conditions are "promising," and democratic and economic stability will make it possible for the country to increase its wealth, which is the only way to raise the people's living standards" he said.

In his speech, Paz Estenssoro said: "This is a promising moment and we should not waste it. Our actions should take into account exclusively the nation's interests, doing away with temporary regional differences. Highly positive factors lie within our reach, but we have to make proper use of them, because they can be wasted in an irreversible manner if we do not work responsibly."

Anti-Inflation Policy [subhead]

The continuation of the anti-inflation policy is a key factor in Bolivia's recovery and economic stability. The control measures imposed on fiscal spending and the increase of tax revenues have put an end to "the evil of permanent devaluation, which has affected particularly those sectors with a fixed income. Inflation reached 10.7 percent in 1987; so far this year the inflation rate stands at 15 percent.

"A reactivation process has begun, and it has been reflected by a 2.2-percent GNP growth in 1987. Though not high, this figure is quite significant because it marks the end of a 6-year downward trend. An estimated 2.5-percent growth is expected for this year."

COMIBOL's recovery process is a promising source of employment and local economic activity. In addition, it will provide currency for our country. "The conversion of some tin-producing areas with high production costs into areas for the development of lead, zinc, and silver ore shows that the mining sector will remain a key factor for the economy," Paz said.

The president added: "The Emergency Social Fund has performed outstandingly. The fund was created to meet the urgent need of giving jobs to unemployed workers and to undertake minor tasks at a local level. The fund is currently sponsoring economic and social infrastructure projects."

Paz said, "the 'Pact for Democracy,' which was reached with ADN, has yielded positive results. The coordination of objectives has allowed the institutions to operate, and this has been essential for governing within the Constitution."

In another part of his speech, the president said: "The pastoral visit by Holy Father John Paul II was an event of deep spiritual significance for the Bolivian people. He brought his word of goodness and serene judgment, inspiring us to fraternal coexistence. We have been moved by his holiness; his presence is a milestone in Bolivian history."

Public Finances [subhead]

The president said that in the first year of the implementation of Law 843 on tax reform, the Internal Revenue Service collected 408 million bolivianos in taxes. During the first 5 months of this year, tax revenues amounted to 218 million bolivianos.

Paz stated that hydrocarbons have become a key factor for the economy. YPFB and the Occidental and Tesoro contractor companies produced oil, condensate, gasoline, natural gas, and liquid gas at an average of 24,753 barrels a day, which reflects a 2-percent increase. This production level has met the domestic demand.

The president said that the efforts to reactivate COMIBOL have permitted a gradual beginning of productive operations, have restricted multimillion dollar losses, and have made it possible for the organization to operate without a deficit [por encima del punto de equilibrio].

Paz added: "Concerning the projects to expand COMIBOL operations, the Cerro Rico mine in Potosi—where production began in 1545—is a major project. It is estimated that it has already produced between 30,000 and 60,000 metric tons of high-grade silver ore. Recent studies have shown that the mine can still produce as much silver as has been obtained from its deposits since the beginning of production in 1545. Its reserves surpass 800 million tons."

The president said that in coordination with the private sector and the Cartagena Agreement Board, regional centers for promoting investment were created in eight departments. The objective of the centers is to gather and process information for the design of productive projects and for obtaining the necessary financial resources.

Agricultural Sector [subhead]

He mentioned the following strategy regarding the agricultural sector:

a. Grant aid to traditional and commercial agriculture;

b. Provide incentives on agricultural activities in a market economy by using public investments as an adjustment variable in order to encourage small- and medium-sized producers to participate;

c. Create the necessary conditions to increase production of food and exportable goods;

d. Increase the agricultural sector's efficiency;

e. Realize that the rural sector is multi-faceted sector.

Paz added that in the tax sector, a minimum deductible on real estate taxes has been established. Some 600,000 peasant families will benefit as a result of the tax.

Education [subhead]

The president said that the executive branch's response to the crisis in the educational sector is contained in the amendment to the Education Law. The process will take several years if the entire community participates.

Regarding other sectors, the president, in summary, said the following:

Health [subhead]

A $14-million loan from the World Bank and a $20-million loan from the World Bank food program will allow the strengthening of new areas in the health sector.

Housing [subhead]

The government has obtained a $15-million loan from AID in order to curb the housing deficit. This loan will be chanelled through the savings and loan system to low-income individuals.

National Defense [subhead]

Despite the current crisis, important progress has been made in reorganizing national defense institutions. Technically speaking, the use of computers has been incorporated in all national defense sectors.

Domestic Policy [subhead]

The government has used all means to preserve the democratic system and individual rights established by the Constitution.

The president added: "Under no circumstances, not even to fight those who instigate rebellion, have we implemented a state of siege—a legal tool available to us. We have responded to all opposition actions, including that of some political parties concealed behind labor unions, cautiously in order to preserve peace and order, which is one of the state's duties."

Law Regulating Coca Crops [subhead]

The law regulating coca crops "encourages the alternate development of coca producing areas through the substitution of coca plantations to do away with a dependent economy and regulate the treatment, rehabilitation, and reintegration into society of drug addicts. This law respects international law regarding coordination and cooperation as well as the enforcement of jail sentences issued against foreign delinquents." [sentence as published]

International Policy [subhead]

"In the diplomatic relations field, the policy has been carried out in compliance with the nation's historic objectives: defense, regardless of ideologies, of national independence and sovereignty; the strengthening of democracy; non-intervention in the domestic affairs of others states; as well as their independence."

The government recently signed important agreements with Brazil, among which Bolivia promises to sell to Brazil the electricity generated by the plant to be constructed in Cachuela Esperanza. The two countries have also decided to abrogate the need for visas for passport bearers, be they diplomatic, official, or special passports; to regulate the export of rubber to Brazil; and to construct a highway linking Corumba with Santa Cruz. Brazil will also use Bolivian natural gas to produce urea and polythene.

The president noted that diplomatic relations with Chile remain severed due to the stance adopted by that country during the most recent maritime negotiations. The Foreign Ministry has disclosed the official stance and noted the historical data regarding the conflict. It has also discussed the scope of the aborted negotiations. The government is making efforts to get diplomatic and political support at the international level.

He added that an agreement for a $150-million loan by the Italian Government has been reached for the agricultural, agro-industrial, energy, transportation, communications, and the Social Emergency Funds sectors.

President Paz Estenssoro ended by stating: "Let us renew our faith in the future of Bolivia, on this day celebrated by the fatherland with a history full of adversity and hope. Let us promise to strive for the fulfillment of all our efforts and sacrifices."

President Victor Paz Estenssoro's message marked the opening of the 1988-89 legislative session.

Vice President on Changing Constitution

PY1108230288 La Paz PRESENCIA in Spanish 7 Aug 88 pp 1, 8

["Text" of speech by Vice President Julio Garret Aillon at the opening of the 1988-89 congressional session in La Paz on 6 August]

[Excerpts] Complying with the terms of the Constitution, today his honor the president of the Republic comes before the honorable National Congress to report on this last year of government. We are also here to open the last congressional sessions of this administration, which will end in 1989. [passage omitted]

The Congress must fully assume its responsibility in the process for strengthening this country's stability. Guided by this objective, the Congress will undoubtedly correct its mistakes as many times as it is necessary. However, it will not abdicate any of its constitutional attributions, nor fail to live up to any of its obligations toward the people. [passage omitted]

With this objective in mind, we must take the opportunity to introduce during this congressional session all the important and profound changes to the national Constitution that may prove necessary. Now is the time to do it because all the modifications approved by Congress during this congressional session will apply, in compliance with Article 231 of the political Constitution, to the next presidential term in office that starts in 1989. This means that if we do not amend the Constitution immediately we will have to wait another 5 years until the following elections.

If the Congress does not amend the Constitution now, the approval of any modifications to the Constitution will be postponed until 1995. This will probably create serious imbalances and tensions in the constitutional mechanisms that guide this country's political life.

In the face of this responsibility, a really democratic and institutional debate must be held in Congress in order to introduce fundamental modifications to the Constitution. These modifications include the decentralization of the country and run-off presidential elections that mandate that the winning candidate obtain more than 50 percent of the vote. The possibility of holding plebiscites to give the people more say in state matters is another possible modification. I believe the appropriate conditions will exist in this congressional session to reach a political accord among the parties on constitutional reform and the ways of implementing it. [passage omitted].

Shultz Attack To Be Probed Without U.S. Aid

PY1108193388 Lima Television Peruana in Spanish 1800 GMT 11 Aug 88

[Text] The following is a report from La Paz, Bolivia. Yesterday Bolivia Deputy Interior Minister Eduardo Perez said that the Bolivia Government has not requested, and does not need, that aid of U.S. agents to investigate the failed dynamite attack on U.S. Secretary of State George Shultz.

Answering reporters questions, Perez said: We have the appropriate organizations with which to carry out investigations of this incident. No other country will carry out such activities in Bolivia, he added.

U.S. Said Not Complying With Antidrug Accord

PY1108122688 La Paz La Red Panamericana in Spanish 0000 GMT 11 Aug 88

[Text] During the visit of Secretary of State George Shultz to Bolivia, our country demonstrated that it is efficiently fighting drug trafficking. Ann Wrobleski, U.S assistant secretary of state for international narcotics matters, has understood this situation.

Social Defense Deputy Minister Jorge Alderete has stated that the visitors have been told about the scope of the antidrug fight.

The large amount of confiscated drugs—8 tons of cocaine—reveals the political will of President Paz Estenssoro's administration to fight drug trafficking.

It was also noted that the visitors regrettably did not comply with the terms of the accord to grant Bolivia effective support to fight drug trafficking. There has not yet been any official report regarding a $79 million fund that the U.S. Government has promised to provide. Of this fund, approximately $8 million has already been used.

Paz, Brazil's Sarney Sign Joint Declaration

PY1008194188 La Paz EL DIARIO in Spanish 4 Aug 88 p 3, 5

["Text" of joint declaration signed by President Victor Paz Estenssoro and Brazilian President Jose Sarney in La Paz on 2 August]

[Text] The declaration signed by the two presidents states:

1. The chiefs of state reiterate the full allegiance of their governments to the purposes and principles contained in the charters of the United Nations and the OAS, especially those pertaining to the equal sovereignty of nations, respect for the political independence and territorial integrity of nations, the self-determination of peoples, the non-interference in the affairs of other nations, the renouncement of threats of force or the use of force, and to peaceful and just solutions handed down by international legal institutions. They state their conviction that the supreme objectives of peace, justice, cooperation, development, and integration demand continuous support and revitalization, and they agree that, for this task, they will act even more closely together.

2. The presidents say that they highlight the agreement between the United States and the USSR on the elimination of short- and medium-range nuclear weapons and they express their hope that this understanding will lead to even more ample agreements with an eye to achieving total disarmament under effective international control. They reaffirm that during this process, which is of the legitimate interest to the international community, the bilateral negotiations should be linked to efforts that are being made on global and total disarmament in international forums. They stress that it is important to establish mechanisms for the urgent and efficient reapportionment of the resources that have been used to manufacture weapons, especially nuclear weapons, so that the development, educational, and socio-economic differences between the rich and poor countries can be reduced.

3. They reiterate their firm repudiation of all types of racial discrimination and they renew their emphatic condemnation of the apartheid system that exists in South Africa, which, due to the systematic and unacceptable human rights violations, offends the ethics of the peoples of the world. Within this context, they express that there is an unavoidable need to intensify the efforts of the international community to put an end to the illegal occupation of Namibia and to guarantee the right of its people to independence, in accordance with the pertinent UN resolutions.

4. Regarding the Bolivian claim for a sea outlet, the Bolivian president explained to the Brazilian president the actions of rapprochement, dialogue, and goodwill conducted by his government in the negotiations with the Chilean Government. The Brazilian president reiterated his country's traditional support for the Bolivian position and its willingness to cooperate to find a satisfactory solution, in a friendly and negotiated manner, to the problem involving the two countries.

5. The two presidents expressed satisfaction over the endorsement of the international community of Resolution 41/11 approved during the 41st UN General Assembly which declared the South Atlantic a zone of peace and cooperation. They also emphasized that all states should respect the resolution and contribute toward the fulfillment of the resolution's objective.

6. They also expressed their profound concern over the persistence of serious imbalances in the world economy and over the increasing gap between the developed and developing countries. Regarding the problem of foreign debts, they said that the problem can only be resolved through adequate measures based on the principle of co-responsibility between debtors and creditors. They emphasized that the high price for servicing the debt, caused by the high interest rates in addition to the reduced amount of fresh capital, will change the region into a net exporter of financial resources to the industrialized countries. They pointed out that without sustained growth by the debtor countries, the problem of the foreign debt will become even worse. In this context they recognized the importance of the Cartagena Consensus as the appropriate organization of regional cooperation

for external indebtedness. They reiterated their governments' support for the actions being conducted by the two countries to resolve their problems of external indebtedness through favorable agreements with the creditor banks.

7. They see with profound concern the proliferation of protectionist measures by the industrialized countries, such as subsidies, restrictions, safeguard measures, compensatory rights, anti-dumping [previous word in English] measures, commercial reprisals, conditioning policies, imposition of alleged voluntary agreements for restricting imports, and the limitation and distortion of preferences, which are measures that are at variance with the commitments made by those countries in different international meetings.

8. They also expressed in the name of their governments and people their full recognition and support for the actions taken by the Contadora Group and the Contadora Support Group to pacify the Central American region. This shows Latin American maturity and solidarity, seeking to find a solution to the problems of the region in an environment of mutual respect, tolerance, and pluralism.

9. The two presidents stressed the significance—from the viewpoint of trying to achieve a firm and stable peace in Central America—of the procedure adopted by the region's chiefs of state on 7 August 1987 in Guatemala. The historical significance of this event was upheld on 15 January in San Jose, Costa Rica. The presidents agreed that the Esquipulas II accord, the letter and spirit of which have been considered vital for the democratization and pacification of the region in the joint declaration of San Jose, is tangible evidence that the Central American governments are perfectly fit to identify the problems and find their own solutions to the crisis that affects the region. In this regard, the two presidents urged countries with ties and interests in the region to avoid any attitude that may hinder this genuinely Latin American peace-seeking initiative. The presidents also expressed their support for the talks that began in the Nicaraguan town of Sapoa, the successful outcome of which will lead to the pacification of Nicaragua.

10. The presidents reaffirmed the Latin American spirit and devotion of their governments and people and vowed to promote the regional and subregional integration processes to achieve unity and harmonious socioeconomic development in Latin American countries.

11. Reaffirming their commitment to the ideals of peace, justice, liberty, and development reflected in the foreign policies of their respective nations, the presidents expressed their satisfaction over the ever-increasing strengthening of the Latin American democratic systems. The presidents reiterated their belief that democracy is essential to implementing social justice, to promoting the defense of and to guarantee human rights, and to strengthening Latin American development and economic stability. In this context, the presidents committed themselves, through the participation of their governments in cooperative and consultative actions, to the defense, strengthening, and consolidation of Latin American democratic institutions.

12. The presidents expressed their serious concern over the increase in the abuse and the illegal traffic of narcotics and mind-altering substances and admitted that it is necessary to expand both bilateral and multilateral cooperation in order to eradicate this scourge completely. In this context, the presidents expressed their satisfaction with the signing, during the visit, of an additional protocol to the Reciprocal Assistance Agreement on repressing the illegal traffic in drugs that produce addiction. The protocol is designed to achieve closer and more effective cooperation between the two nations in the repression of drug trafficking and in the prevention of the illegal abuse of narcotics and mind-altering substances as well as in the control of precursors and substances required to process narcotics. Confirming their belief in the joint and global responsibility of the international community, the presidents emphasized that it is necessary to change the economy of the areas of production by finding an alternative to the the illegal cultivation of plants from which narcotics and mind-altering substances can be extracted.

13. The presidents expressed their satisfaction about the results of the third ordinary meeting of the Amazonian Cooperation Council held in Brasilia from 16 to 18 March 1988, emphasizing the fact that the decisions made by the Amazonian Cooperation Council renew, within the context of the Amazonian Cooperation Treaty, the responsibilities of the member countries in regional development and cooperation projects, especially in the fields of health, science and technology, environment, and transportation.

14. Within the spirit and context of the Amazon Cooperation Treaty, and in accordance with the flexible and realistic attitude which has characterized the cooperation of the treaty, the two presidents reiterated their support for the subregional proposals of two or more states, especially those promoting economic and social cooperation in the border zones. In this regard, they promised to seek ways to explore with imagination and creativity the potentials of this multilateral instrument.

15. They were able to see the important points of agreement between their governments on the best ways to resolve many of the problems affecting Latin America. They agreed on the urgent need to give a new impulse to the process of regional integration. In this regard, they gave first priority to the efforts being made by ALADI and ratified their desire to cooperate actively in order to ensure their governments' adequate participation with a flexible and realistic attitude in the current negotiations.

16. They emphasized the importance of culture as a basic factor in the overall development of their people, and they also agreed, within the concept of strict respect for cultural and national values, to strengthen cultural relations and cooperation to consolidate a Latin American cultural identity.

17. They pointed out the need to pay special attention to the environment of the Amazon region, taking into consideration the responsibilities of the Amazon countries in the preservation of the region's environment. They reiterated their willingness to exchange information regularly on measures for the preservation of the environment in the two countries and for promoting coordinated positions in international meetings for proposals of international cooperation on environmental issues.

18. The two presidents agreed on the need to strengthen bilateral relations. They recognized the special characteristics of bilateral relations based on a long tradition of understanding and mutual desire for cooperation. In this regard, they agreed on the need to adjust bilateral relations to the modern needs of an effective, rational, and objective relationship reflecting the legitimate aspirations of the two countries as well as their limitations given the difficult common reality of two developing countries.

COB Claims 'Misery, Unemployment' Continue

PY1108224288 La Paz PRESENCIA in Spanish 6 Aug 88 p 7

[Excerpt] Paying homage "to the true protomartyrs and patriots who struggled to throw off the yoke of Spanish colonialism," the COB has released a communique stating: "Today, 6 August, the Bolivian people are experiencing misery, unemployment and hunger. The workers, the true protagonists of our history and constructors of our country's economy, do not have the possibility of improving their standard of living."

Under a subhead, the communique states: " The new economic policy implemented by the government has moved many thousands of Bolivians to the brink of desperation, while governing minorities and the national oligarchy have established a system of first- and second-class citizens."

Reaffirming "to the workers its resolve to continue the struggle until true national liberation is achieved," the COB vindicates "the active participation of the masses of peasants, the protomartyrs and guerrillas who gave their lives and their blood for the fatherland's independence, and the construction of a balanced future, without exploiters or exploited."

"History, however, teaches us that the protagonists of these struggles were not the ones who governed our country, establishing privileges and inequality," the COB communique stresses. [passage omitted]

Calls for Work Stoppage

PY1208013788 La Paz La Red Panamericana in Spanish 0000 GMT 12 Aug 88

[Excerpts] The COB has once again confirmed its decision to call for 90-minute strike on 12 August. COB leader Carlos Camargo has said that the strike will begin at 1100 and will end at 1230. On the reasons for the stoppage, Camargo said:

[Begin Camargo recording, in progress] ...decided to stage another stoppage to protest the Chamber of Deputies's decision to confirm the increase of lawmakers' salaries. We believe this decision is not in keeping with the critical situation in our country and with the economic situation in the labor sector. [passage omitted] [end recording]

The Bolivian Press Worker Federation and the La Paz Press Worker Union have issued a joint communique announcing that they also will join the strike called by the COB and, therefore, will suspend their activities for 90 minutes. [passage omitted]

Brazil

Sarney Names Science, Agrarian Reform Ministers

PY1108185488 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 11 Aug 88

[Text] President Sarney has confirmed that Ralph Biasi will be the new science and technology minister and Leopoldo Bessone will be the new agrarian reform minister. Early this morning Bessone met with the president at the Planalto Palace. At the end of the meeting he talked with reporters:

[Begin recording] [Bessone] I will shortly meet with Minister Jader Barbalho. He will give me an overall view of the situation at the ministry. Then I will start reviewing the problems.

[Reporter] Did the president specifically ask you anything?

[Bessone] No, the president only gave me a brief description of the ministry and asked me to review the budget and the current situation of land conflict because this ministry is very important. [end recording]

New Industry Minister

PY1208030088 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 11 Aug 88

[Text] Today President Jose Sarney confirmed that Deputy Roberto Cardoso Alves will be designated minister of industry and commerce, thus putting an end to what the president has referred to as a difficult chess game. During the game, the president had to move six men: Jader Barbalho, Jose Aparecido, Alexandre Costa, Ralph

Biasi, Leopoldo Bessone, and Roberto Cardoso Alves. In a short time, however, Sarney will be playing this game again and will have to move another man: Labor Minister Pazzianotto.

In fact, at the Superior Labor Court yesterday, court member Americo de Souza requested retirement. Today President Sarney decided to designate Labor Minister Almir Pazzianotto as De Souza's replacement. The objective of this nomination is to pay tribute to a lawyer who has worked for more than 20 years in the labor courts.

The retirement of the Souza will have to be approved first. The presidential decision should then be approved by the Senate. This is the time that Sarney will have for designating a new labor minister for a term that will last a little over 1 and ½ years.

Sarney Cancels Appointments Due to 'Headache'

PY1108233988 Brasilia Domestic Service in Portuguese 2200 GMT 11 Aug 88

[Text] Today President Sarney cancelled some of his appointments at the Planalto Palace and failed to attend a dedication at the Public Administration School.

Planalto Palace spokesman Carlos Henrique now explains the reason for the cancellation:

[Begin Henrique recording] You must all have noticed that, over the past few days, President Sarney has worked until very late here at the Planalto Palace. Yesterday, for example, he left his office at about 2200, and today he left for lunch at about 1400.

He has a slight headache and, following his doctor's orders, he has gone home to rest. He has cancelled his appointments for this afternoon. [end recording]

At 2100 tonight he was to have attended a show, but he has also cancelled that appointment.

Nobrega Addresses Officers on Spending Cuts

PY1108123688 Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Aug 88 p 4

[Excerpt] Yesterday Finance Minister Mailson da Nobrega told an audience of 100 Army officers that "the economic difficulties, the reduction of the public deficit, and the cuts in government expenditures will force more selective investment from here on." Early this year the Army budget was cut by 79 billion cruzados. In addition, the $250 million earmarked for the FT-90 (Land Forces-1990) program for 1988-90 was cut by 15 percent. The FT-90 program is intended to requip and improve the Army's operational capabilities.

According to officers contacted by FOLHA DE SAO PAULO, the cut in special programs such as the FT-90 will affect research, domestic manufacture of materiel, and modernization of equipment, thus delaying the implementation of other projects.

Some of the projects that will be cut are those of Army aviation (which would demand an investment of $240 million) and the Army's participation in the Calhas Norte program for the military occupation of Amazonia (which would cost $900 million). [passage omitted]

Further on Appearance

PY1108125888 Rio de Janeiro O GLOBO in Portuguese 10 Aug 88 p 17

[Text] Brasilia—A vigorous fight against the public deficit and an economic policy to be implemented with patience to obtain gradual, more long-lasting, and positive results: this was the medicine prescribed by Finance Minister Mailson da Nobrega for the Brazilian economic crisis. For 2 hours the minister spoke to approximately 100 generals and colonels and to Army Minister General Leonidas Pires Goncalves.

Gen Leonidas alerted Nobrega to the possibility that there would be questions about the URP [Price Reference Unit], but this did not happen. The four questions asked of the minister—Pires Goncalves himself asked the first question—were made in a cordial tone and did not express the military's dissatisfaction with the low salaries.

Nobrega outlined the difficulties of the Brazilian economy: an imbalance in public accounts, a slowdown in internal savings, and a reduction in internal investment. He was optimistic, however, about the economy's prospects.

Leonidas asked about the terms of the foreign debt, and the finance minister stated that Brazil had concluded an excellent agreement with the creditor banks. Three generals then asked questions. General Everaldo Oliveira Reis praised the unified federal budget [caixa unico da uniao], but he suggested that the system could be improved. General Rosa, who is in the reserves and who heads the Poupex (Savings Fund for Army Housing), praised Nobrega's work, and he stated that he did not think that the Brazilian economy needed another shock. Division General Gomes, of the Army Property Department, spoke about the role of the military within the state and about military relations with the executive branch, Congress, and the judicial branch, and he asked the minister's opinion on these topics.

The finance ministe calmed the officers down saying that "this is not a climate for hyperinflation. Society continues to have confidence in a currency such as the OTN [National Treasury Notes], even though it is indexed. The people continue to deposit in their savings accounts, to produce, and to work," he stressed.

After the talk, the Army minister commented on a remark made in 1964 by the then U.S. ambassador to Brazil, Lincoln Gordon, who stated that hyperinflation favors military intervention.

A stranger who does not live in Brazil is not in a position to make evaluations, the minister said, stressing that the military can establish order without political intervention.

Constituent Assembly Approves 6-Hour Workday

PY1108161588 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 11 Aug 88

[Text] The Constituent Assembly was able to gather over 400 representatives, the necessary quorum, to vote on several issues on 10 August.

There were 415 representatives present during the session. This allowed them to vote and to approve the 6-hour workday and the amendment establishing that a citizen can only be arrested if caught red-handed or by a written, valid court order. Armed Forces personnel will be handled differently: they may be arrested for breaches of regulations or during military crises.

The new constitution also establishes the immediate implementation of approved social rights, and stipulates that managers [words indistinct] withhold workers salaries and must give 30 days notice prior to dismissal.

The Assembly also established the principle of paternity leave, but left for future legislatures to establish the length of the leave; meanwhile, the transitory disposition sets it at 5 days.

On Thursday, 11 August, the Constituent Assembly will continue voting on social rights. Some topics are controversial, such as the unification of workers representation through unions, the contributions to these unions, and the right to strike.

Friar Betto Advises Soviets on Religious Law

PY1108191588 Sao Paulo FOLHA DE SAO PAULO in Portuguese 10 Aug 88 p 4

[By reporter Dermi Azevedo]

[Text] Brazilian theologian and writer Carlos Alberto Libanio Christo, Friar Betto of the Dominican Order, is advising the Soviet Worship Ministry in the preparation of a draft law on religion in the Soviet Union. This draft law is inspired by the "glasnost" and "perestroyka" being promoted by Mikhail Gorbachev. The law draft is being sent to the leaders of the Russian Orthodox Church and other Christian churches in the Soviet Union.

Friar Betto went to Moscow last month at the invitation of Konstantin Mikhaylovich Kharchev, chairman of the Council for Religious Affairs of the Soviet Union. During his visit, Friar Betto discussed the draft law which, upon becoming law at an as yet unspecified date, will then replace the religion laws decreed by Josef Stalin in 1929. The Christian churches consider the Stalin-dictated legislation to be restrictive of freedom of worship.

Yesterday Friar Betto told FOLHA DE SAO PAULO that he had heard Chairman Kharchev say that the new religious laws of the Soviet Union "will not be a copy of the laws current in capitalist and socialist countries, nor will it be limited to defining the jurisdictions of the state and religion. The new religious law will focus on the religious phenomenom as part of perestroyka."

According to Friar Betto, the chairman of the Council of Religious Affairs had said that the new law "will consider religion as a repository of ethical and spiritual values that are important to restructuring socialism in the Soviet Union."

In the last week of September, Friar Betto will travel to Beijing leading a delegation of Brazilian theologians and catechists for a 1-month visit to the PRC. The invitation was extended by the Chinese Christian churches, which were unified by a Communist government decree.

Friar Betto is also preparing a seminar to be held in Moscow next year. This seminar will bring liberation and orthodox theologians together with members of the Academy of Sciences of the Soviet Union to discuss "Christianism and Socialism in the Future of Mankind."

This year Friar Betto has been to the GDR, Cuba, Czechoslovakia, and the Soviet Union. On all these trips Friar Betto carried out what he considers his "mission": to promote dialogue between Christians and Marxists.

Chile

Bishops Seek Democratic 'Transition' Government

PY1108220188 Santiago Radio Chilena Network in Spanish 1700 GMT 11 Aug 88

[Text] The presidential candidate for the upcoming plebiscite should be elected after an agreement is reached between the government and the opposition. This is the conclusion of the five bishops of the National Episcopal Conference Permanent Committee, who voiced their concern at the growing polarization among Chileans.

The text of the declaration, entitled "Looking at the Chilean People's Well-Being," follows:

1. We see with great concern that as the date for the nomination of the candidate that will be voted on at the plebiscite nears, Chile is becoming more polarized and radicalized, in opposition to the will of the majority of the people who want peace. A considerable number of

Chileans feel uncomfortable about the plebiscite because they are afraid that, regardless of who wins, the danger exists that the country will be lead toward a confrontation that we want to and must prevent.

The declaration, read by Msgr Sergio Contreras, adds:

[Begin Contreras recording] Many people would like to hear the commanders of our Armed Forces and the Carabineros director propose a candidate that will impartially preside over a democratic transition process. This democracy is yearned for by a large majority of Chileans, from the government as well as from the opposition.

The plebiscite candidate should come about as the result of an agreement between the government and the opposition and should be someone who inspires respect and trust by the great majority of Chileans.

The transition should be open and clear and within the framework of the present Constitution. The modifications that many people think are necessary, however, should be possible. [end recording]

The declaration adds:

We are sure that if the country's political leaders sit down to talk with mutual respect, thinking only about the well-being of the Chilean people, and if all believers pray to God to help these leaders in their deliberations, new hope will shine in our country.

The world powers have reached the conclusion that without an agreement between them, regardless of the gravity of their differences, they will never be able to attain a lasting peace or contribute to resolving their own problems. These powers are taking the correct steps toward a resolution.

The bishops maintain that we are likewise persuaded that the country's great problems cannot be resolved without a national consensus. Let us seek and find this consensus now, during these trying times.

The Catholic Church in Latin Ameica, encouraged by the visit of the Holy Father to our continent, and in line with its continuous evangelical mission, tries to be a source of conciliation and pacification. It strives for economic progress, social justice, and internal and external peace by promoting the values of work and solidarity that were so strongly emphasized by John Paul II through his two social encyclical letters and during his visit to Chile.

We, the Chilean bishops, want to fulfill our duty, and we ask God to help us accomplish it. As pastors of a large part of the Chilean people, who suffer, fear, but above all hope, we cannot avoid sharing their sufferings, fears, and hopes.

The declaration concludes by saying:

We ardently ask all Catholics to pray every day, with their families or at their churches, for God to inspire those who will decide, to reach a decision conducive to justice, progress, and peace.

We suggest the daily prayer of the holy rosary, the adoration of Jesus Christ during the holy sacrament, and a vigil of prayer and penance. We call on the patriotism and good senses of those who have the responsibility of governing the country, and we trust in the power of God and the intercession of His and our mother.

The declaration is signed by: Carlos Gonzales, Talca bishop, President of the National Episcopal Conference; Juan Francisco Fresno, cardinal and Santiago archbishop; Carlos Oviedo, Antofagasta archbishop; Bernardino Pinera, La Serena archbishop; and Sergio Contreras, Temuco bishop, National Episcopal Conference Secretary General.

Merino Comments

PY1108030588 Santiago Television Nacional de Chile Network in Spanish 0030 GMT 12 Aug 88

[Text] This afternoon Admiral Jose Toribio Merino, a Government Junta member, rejected the possibility of nominating a consensus candidate in the upcoming plebiscite.

[Begin recording] [Merino] Let the Episcopal Conference tend to its own business. We mind our own business; that is, we abide by the Constitution and the laws. That's it.

[Reporter] The possibility of nominating a consensus candidate...

[Merino, interrupting] No chance, no chance. It's too late, it's too late. [end recording]

Adm Merino made these remarks after a 15-minute meeting with Supreme Court President Luis Maldonado Boggiano. Maldonado's visit was strictly protocol in nature and the Government Junta member refused to make additional remarks.

Military To Be Confined 3 Days Before Vote

PY1208215588 Madrid EFE in Spanish 0425 GMT 11 Aug 88

[Text] Santiago, 10 Aug (EFE)—Today the Chilean defense minister, Vice Admiral Patricio Carvajal, said that Armed Forces personnel will be gradually confined to barracks 3 days before the presidential plebiscite, scheduled for October 1988.

After a coordinating meeting with Interior Minister Sergio Fernandez at La Moneda Palace, Carvajal said that the confinement will take place at the same time as the establishment of the ballot stations.

Regarding the lifting of the states of exception before the plebiscite, Carvajal said that "if there is no violence, we will be able to hold the plebiscite without any states of exception."

Three Government Junta members—the Navy commander in chief, the Air Force commander in chief, and the Carabineros director—have proposed ending the states of exception at least 1 month before the electoral process, a petition also made by the opposition and by the Catholic Church.

Nevertheless, last week the interior minister said that "the states of exception are compatible with the plebiscite."

Chile has been under states of exception since 11 September 1973. The state of emergency and the state of threat to domestic order, both of which grant extraordinary power to the chief of state, are also currently in force.

These extraordinary powers include the right to banish people, expel people from the country, or stop people from entering the country. They also permit the detention of people for up to 20 days in places other than penitentiaries, restrictions on the right of assembly, and restrictions on the freedom of the press.

Colombia

Gaviria Links Rebel Role, Disband Willingness

PA1108125688 Bogota Inravision Television Cadena 2 in Spanish 1730 GMT 10 Aug 88

[Text] Last night during a debate at the House of Representatives, Government Minister Cesar Gaviria Trujillo ruled out any possibility of giving a political role to the guerrillas unless the rebel groups demonstrate a willingness to disband. Gaviria also briefed the House on the military operations in the Caguan area and on the impact of those operations on the area's population.

[Begin Gaviria recording] The government has obligations. It has a commitment and is prepared to hold bilateral talks with the guerrillas whenever it sees they are willing to disband. It is prepared to grant political guarantees after they demonstrate a willingness to disband. However, this will not mean simply giving the guerrillas political recognition so they can make political statements. This is not the kind of political scenario the government believes in. It believes in reaching agreements, be these called amnesty, pardon, or any other kind of guarantees it may be called upon to grant.

However, the government's policy is not to simply give the guerrillas political recognition or to let them talk about national problems without making any commitments. [end recording]

Regarding the military operations in the Caguan area, Gaviria read a statement noting that the government will compensate any people whose properties are damaged as a result of the operation.

Ecuador

President Borja Delivers Inauguration Address

PA1108023488 Quito Domestic Service in Spanish 2321 GMT 10 Aug 88

[Speech by President Rodrigo Borja Cevallos at the Legislative Palace in Quito on the occasion of his inauguration as president—live]

[Text] The president of the National Congress; the presidents of Argentina, Colombia, Costa Rica, Cuba, Nicaragua, Portugal, Uruguay, Venezuela, and distinguished wives; Mrs Mitterrand; the pontifical legate; the vice president of Ecuador; the vice presidents of Bolivia, Bulgaria, Spain, Guatemala, Peru, the Dominican Republic, the GDR, and the Soviet Union; the former presidents of Ecuador and several friendly countries; the president of the Supreme Court of Justice; legislators; Quito archbishop; members of the Supreme Electoral Tribunal; members of the Constitutional Guarantees Tribunal; heads and members of special delegations from friendly countries; ministers of state; representatives of international organizations; leading civilian, military, church, and police authorities; Ecuadoran people: [applause]

We are here to talk about the homeland. We are here with illustrious heads of state and governments, foreign former presidents, special delegations, diplomatic representations, true international organizations, and representatives of science, arts, and letters of numerous countries—and to all I express my affection and gratitude. In the name of the Ecuadoran people, I express to them our warmest hospitality. [applause]

On the anniversary of the first shout of Hispanic America's independence, the citizen who has been honored with the people's mandate complies with a constitutional and moral duty and delivers at the National Congress his message of peace, unity, and hope for the Ecuadoran people. [applause]

On 10 August 1809, the insurrection of the patriots proclaimed in South America for the first time the rights of our peoples to be free and determine their own destinies. The independence of Spanish colonies began at that time. It was a vital necesssity of our peoples. Independence thus took place inevitably, driven by nature's boundless power. It is good for peoples to become familiar with their histories, because they thereby become familiar with their roots. History attests to present coexistence and embodies gladness and sadness and achievements and defeats. In the continued drama of existence, peoples outline their national profile between anger and hope and become historical events.

But history must be viewed critically and studied objectively and very scientifically. There is nothing more dangerous than a bland interpretation of history. A childlike and naive story of facts magnifies or compresses events according to the whimsical interests of sectarians, chauvinists, or those who regard things superficially. This interpretation of history is a dream full of false illusions and superstitious chauvinism that soothes peoples and finally leads them to frustration.

The heros of true history are of flesh and blood, with virtues and defects, such as the 10 August 1809 conspirators, who, 1 year later, paid with their lives the daring act of making the first revolutionary proclamation in America. The route traversed since that time has been long. The political development of peoples is to be measured by their submission to law. The closer peoples are to the impersonal mandates of law, the closer they are to modernity and the farther they are from the unpredictable authoritarianism of the tribe.

The history of man and society is a struggle to replace the whimsical will of those who exercise power through the impersonal dominance of juridical law. In the classic Spanish language of Adolfo Quesada's political science: This represents a secular effort to turn a government of the strongest into a juridical regime that expresses justice and in which man is neither imposed on man nor submitted to him, but obeys law when it is formulated as guidance. This is the process of institutionalization of power, which has taken mankind millennia and which marks the degree of society's political development.

We have traveled the route of democracy with great effort. In the latest stretch, we completed 10 years of constitutional restoration since we started our system. Three governments elected by the people have achieved power, but we still have plenty to do. Democracy is a daily task. It is a goal to be approached impatiently, persistently, and actively. Democracy should be something more than an idea to legitimize the exercise of power. Of course, only those who have the right should exercise power. This right springs from the people's will.

However, democracy does not end there, because democracy is more than just elections, more than just the exercise of political rights. It is even more than just a form of government. Democracy is an overall system for coexistence.

If it were only a form of government, it would involve an orderly system of the authorities of the state, and nothing more. But it is a form of organizing society as a whole. The participation of the people in the political activity of the state, although important, is only one element of democracy. The equitable distribution of the nation's income and the people's access to economic and social assets are also part of a democratic system. That is why we speak of a three-dimensional democracy that has a political, an economic, and a social facet. In this way, we seek to distinguish democracy from mere electoralism.

Of course, we are far from underestimating political democracy and its formal freedoms, especially when we see that in our own America, there are still authoritarian regimes. However, we hope to complete that democracy by providing the modern socioeconomic freedoms it lacks. [applause] That is why we maintain that social justice is compatible with political freedom, and we contend that respect for human rights is not at odds with the necessary changes of society that allow accelerated economic development and improve the Ecuadoreans' quality of life.

To us, freedom is one of the great achievements of human history. To suppress it would be to regress and condemn society to stagnation, because society was never advanced by conformists [rutinarios] who want to do the same today as was done yesterday, or the same tomorrow as was done today, but by the nonconformists, the innovators, who advanced the wheel of history. To suppress freedom of thought is to detain human progress. We believe in the fertile power of freedom. We seek social justice with freedom, [applause] not social justice in place of freedom. [applause]

These values are not interchangeable. A lack of freedom cannot be compensated for with monetary income, nor can poverty be replaced by freedom. They are all elements of an equalitarian and prosperous society in which human beings will have the material means that allow them to be free and to live with dignity.

Considered dialectically, the democracy we propose is not the opposite of formal democracy, but its complement. We must move toward the integration of formal and material freedoms to establish the complete democracy we are struggling for. Otherwise, we will continue to experience regimes that are in reality a combination of political democracies and economic absolutism; in other words, systems that, behind their democratic rituals, seek to impose the economic autocracy of small privileged minorities.

We cannot speak of democracy where there are masses of the indigent obliged to beg for their bread in the streets or to sleep under bridges. [applause, shouting of slogans] Democracy is participation by the people; there is no democracy without participation. The degree and scope of that democracy is debatable and is indeed debated. Some believe it is limited to the political sphere; others of us believe it should also extend to the economic and social spheres. However, no one doubts democracy is the political inflection of the verb: to participate.

Therefore, my government will seek to open channels of participation to allow our people to progressively intervene in the making of the state's political decisions and in the enjoyment of the economic and social goods produced by the labor of all. [applause]

As the founder of a new political party—which has grown astronomically, correctly interpreted the anguish and aspirations of Ecuador's intellectual and manual workers, and achieved power after a large-scale democratic triumph—I wish to say I profess a profound respect for the Ecuadoran political parties, which are the most important means for people's participation. [applause] Situated as they are between the government and society, their basic role is to gather up, interpret, channel, give coherence to, and enrich the people's aspirations and present them to the government.

Political parties play a fundamental role in democracy. There cannot be democracy without political parties, and political parties can exist only in a democracy. I ask political parties to comply with their duty to observe my government's behavior and to responsibly analyze national problems. Parties must act as laboratories, analyzing the national situation. This is of particular importance now that our country is going through the most dramatic economic, social, and moral crisis in its history.

I call for a national agreement, an agreement that can only take place in a democracy because it is only in a democracy that there can be an ethical agreement among different parties. In authoritarian regimes, the only interaction possible with an adversary is to seek its elimination.

The emergency in our country demands a national agreement. I invoke the patriotism of political leaders—regardless of whether they work for the government, are independent, or are in the opposition—to help my government in its search for the best solutions for the problems affecting us. [applause]

Opposition parties have one of the greatest responsibilities in a democratic state: to be an active opposition. They are as responsible as we are for preserving public liberties, for ensuring an honest government, and for guaranteeing that the government makes intelligent decisions. [applause]

Today Ecuador has a president who prefers democratic dialogue to totalitarian monologue. We cannot forget that democracy has to be learned. Democracy is a form of organization, but it should also be evident in the way people behave. Children must be taught to be democratic in the same way that they are taught how to read and how to develop good habits. Political leaders: Become teachers of Ecuadoran democracy by being exemplars and exhibiting your virtues. [applause]

Once democracy becomes a habit for us, once our society is filled with democratic behavior, we will guarantee to future generations a life of social justice and liberty. [applause] To do this, it is necessary to reconcile politics and ethics; it is necessary to engage in politics without violating moral standards; it is necessary to be a politician and a gentleman at the same time. By setting an example, we will be endowed with the requisite authority to preach. [applause]

Unfortunately, things do not always work that way. It hurts me to say this, but Ecuadoran politics lack ethical and aesthetic [as heard] substance. Dirty and ugly things are done daily in the name of politics. There is a crisis in values, a lack of principles, and often falsified attitudes when politicians assume positions. Political leaders from all political parties: Let us seek respectability in politics. Let us return to the path of patriotism, to the truth, to respectful attitudes toward others' honor, to fair play. Politics cannot be daily acts of felonies or the art of attacking social life. [applause] As we achieve this, improper attitudes that still exist among us as a result of our political backwardness will begin to disappear.

Populism is not an ideological tenet but a disorderly mobilization of the masses with no doctrinal basis. [applause] To a certain degree, populism represents antidemocracy, because democracy means an aware participation by the people in tasks of common interest, while populism is emotional and attributes to the witch doctor of the 20th century, the populist leader—who is always ready to casually offer a paradise—a miracle-performing capability. [applause]

Extremely poor groups are quite attuned to sermons that promise redemption; they are aware of their abject situation and easily fall prey to the seduction of a populist demagogue. However, populism has never been, is not, and never will be the solution for Latin America. Every time a populist rose to power, he was deplorably unable to solve the popular demands that he encouraged with demagogic passion. Many resources were spent, many speeches were made, and many programs were launched, yet he was soon overwhelmed by events; and the people who launched him into power later brought about his downfall, leaving in his wake a long trail of administrative corruption, dashed hopes, and unattained goals.

A victory entails duties, and one of these duties is to tell the truth to our people—as I have always done. [applause] I never stopped to think if the truth would be useful to me. I do not believe that I show disrespect toward the distinguished people who have deigned to come to Ecuador and who participate with us in this solemn ceremony if I use the frank and direct style that has always characterized my political actions. I must tell the whole truth to our people; I cannot remain silent, because that would be as shameful as telling a lie. [applause, shouts]

The situation in our country is chaotic. We are experiencing an overall crisis evident in every sector: an economic crisis, a social crisis, a crisis in discipline, a lack of legal and authoritarian credibility, a moral crisis, a violation of the ethical and social values that should

shape our coexistence, and a crisis of nerves in a nation that ignores what will happen tomorrow and is afraid of the long-term future. The leaders' word is devalued, corruption is rampant throughout the highest administrative levels, honesty is almost an extravagance, and kleptomania characterizes the government system. [applause]

The situation is depressing and, I am ashamed to say, immorality prevails everywhere. In addition, corruption has created its own culture, with its own codes, groups, and hierarchies—and with its own subsequent sorrows and estrangements. I am prepared to end that. [lengthy applause, shouts] Thank you very much. The people who support me demand a moral administration and punishment for the guilty. [applause, shouts] I have fortunately risen to power with clean hands to do what is necessary for our national interests. [applause] My hands are as clean as the wind that blows over our Andean highlands, as free as the waves that break over our coasts, and as clean as the rivers that flow in our Amazon region.

I have no obligation toward any economic group or any local or international center of power. [applause] My only obligation is toward our people, and I will fulfill my duty of imposing honesty, scrupulousness, and austerity in the handling of the state's funds and property. [applause]

I request that no one [as heard] denounce this immorality, that the full weight of the law be felt by individuals guilty of these crimes, and that the people help me restore honesty, because the era of those who thought the law was made for their private use has come to an end. [applause].

I am receiving a country that is faced with the deepest, most serious economic and social crisis of its history. The most visible signs of this crisis are the decline in production to depressive levels, escalating inflation, unemployment, the unjust distribution of revenues, and the refinancing [words indistinct]. Available figures indicate that domestic production decreased in 1987 by 5.2 percent, something unheard of during the past 30 years. This logically caused an 8-percent decrease in per capita production [as heard], which means that the country and its people have experienced a serious process of impoverishment. One need not be an economist to know this; it is enough to go to the markets, walk on rural roads, or visit neighborhoods on the outskirts of towns to experience the drama of the poor.

The consumer price index, which in July 1984 stood at 307.3, rose in July 1988 to 982.8, according to the National Institute of Statistics and Census, which reflects 220-percent inflation over a 4-year period, if credence is given to government figures. This inflation may be mild for other Latin American countries, but it is unprecedented in Ecuador. Food prices increased over the same period at an even greater rate, rising 240 percent, and transportation and education increased by almost 300 percent.

According to official figures, the number of unemployed increased from 298,000 in 1984 to 400,000 in 1988, 13 percent of the economically active population, but Quito's economists' association estimates the number of unemployed at more than half a million. There are also 1.7 million underemployed Ecuadoreans, who represent half of the population capable of working.

Productive investment has dropped from (?26.4) percent of domestic production in 1980 to less than 15 percent this year, and domestic savings also dropped from 21 percent with regard to national production at the beginning of the decade to 10 percent in 1987.

As is expected, the retrogression of production over the past few years has had very harmful effects on the country's social structure. It has contributed to making the distribution of revenues increasingly unjust. Figures from around the country show that workers' participation in national production has declined while capital profits are constantly (?increasing). In 1980, workers' wages accounted for approximately 32 percent of domestic production, and capital profits 60 percent. Today, workers' wages represent no more than 15 percent, while profits have risen to 70 percent, which proves that revenues are rapidly increasing.

However, the crisis' most dramatic expression is the decline in per capita consumption, which dropped to the levels of the seventies. Consumer consumption is a basic factor of domestic demand, and I plan to promote its quantitative and qualitative improvement, to reactivate it 100 percent, invigorate the economy, and promote social development.

Workers' salaries were gradually devalued over the past few years because of inflation. Compared to 1984 figures, the average minimum salary in 1987 did not reach [words indistinct]. In other words, it was less than the (?6,600) of 1984. The outgoing government's economic policy was disorderly, unstable, and unpredictable. [applause]. It promoted expansionism; its budgeted payments on the debt went from almost 120 billion sucres in 1984 to more than 478 billion annually, which is the figure reported in 1988. Expenses quadrupled during the presidential term, although important [words indistinct] of the foreign debt was reprogrammed and for more than 1 year foreign debt payments were suspended.

A similar trend was observed in the non-financial public sector. The absence of controls on spending was so great that spending increased from less than 242 billion sucres in 1984 to 1 trillion sucres in 1988. Logically, this resulted in a growing deficit both in the budget and in the non-financial public sector.

This huge fiscal deficit in the state budget and public sector was financed with a growing use of domestic and foreign credits, and expenses were transferred from one year to the next.

This sort of financing has compromised all of the country's resources and the public revenues for years to come. The government's policy of arranging financing through credits from the Central Bank led to an unbridled expansion of the monetary supply, which partly accounts for our current inflation. The total monetary supply was 11.529 trillion sucres in 1984 and it rose to 261.534 trillion sucres in just 4 years. This is the latest available figure. In sum, it grew 134 percent in the past 4 years.

During this same period, the monetary reserves have been depleted. At the end of July 1984, the net balance was $118 million; this figure is equivalent to 1 month's imports. This balance was precarious even then. However, at the end of June 1988, which is the latest figure available, the balance dropped to $53.4 million. This figure is equivalent to 1 week's imports. This is only a number. Not included in this are the pending payments and delayed remittances [remesas] for over $600 million. Were we to total these figures, we would have a negative monetary reserve. This reflects the terribly fragile state of our foreign trade. It reflects the limitations we will face in developing future economic policies.

An indication of the crisis in our domestic trade is the devaluation of the Ecuadoran currency. The exchange rate on the free market was 96.50 sucres to the dollar when the previous administration took office. Now it is is over 500 sucres to the U.S. dollar. This amounts to a 438-percent devaluation during the past 4 years. Ecuadoreans, as you can see, this is a statistical summary of the distressing economic and social crisis we are experiencing.

My description excludes any exaggeration or political passion. It is the truth spoken forthrightly because our people are entitled to know it. It is spoken with the cold, yet eloquent, testimony of numbers. The situation compels us to immediately implement an emergency economic program. This program should be capable of facing and defeating the crisis, eradicating its causes, and establishing measures to stabilize the economy at first and later reactivate it. It is much more difficult to prevent a crisis than to cure it once it has been unleashed. That is the situation in Ecuador.

A chain of mistakes and thoughtless and incoherent actions in the economic policies compounded by uncontrolled factors in the world economy have led our country into an abyss. There are no magic formulas to overcome the crisis. The economy is a very complex system where figures and behaviors interact. Ignoring that psychology which is a part of the economy is why armchair formulations are not based on reality. Forgetting that purely economic matters are often at odds with social matters is also a mistake.

Our emergency economic program will try to avoid those mistakes. It will seek to adapt to the reality of our country and our problems. My government will use intensive employment policies. Employment is the chief problem affecting Ecuadoreans. [sustained applause, shouts] We will maintain clear and permanent policies and objectives. This way, we will be providing certainty to economic factors and society as a whole. We will fight inflation to defend the real wages of Ecuadorans. We will establish a balanced economy and provide for the security of our people. The [foreign] exchange policy will be realistic, visible, and forthright. We will restore equilibrium in foreign trade. The credit policy will be aimed at production and democratizing loans. Preference will be given to lower income groups. The interest rate will stimulate productive savings as the necessary condition for economic reactivation, because without investments, development is impossible. [applause]. The chief objective of our plan is to reach development before growth. Growth and development are not similar concepts.

Growth is merely an expansion of production, regardless of the net profit distribution. Development, however, is a qualitative concept that consists of growth plus social distribution of the net profit. [applause] Development, therefore, has to do with the quality of life of a people, fair distribution of revenue, and the necessary changes for economic activities. Growth is a spontaneous operation carried out by private economic interests in their profit-oriented activities. Development, however, implies a deliberate, gradual state action to encourage or discourage economic activities and to fairly distribute the benefits of progress. This is related to the state's role in the economic process. Development cannot be achieved unless the state takes the first step, because development is not a spontaneous action. For this, it is necessary to restore the state's authority to regulate the economic process.

I am not speaking about nationalization. In truth, I have nothing against it, except its inefficiency. The countries who have tried it have suffered a considerable reduction not only in the quantity but also in the quality of their production, despite their remarkable administrative systems. Some of them have abandoned this experiment. I demand that the state regulate and implement the economic process. [applause]

I therefore advocate a mixed economy in which state planning can be combined with the free determination of producers and consumers and in which several types of ownership can converge: private ownership, which could be individual, family, community, cooperative, or partnership; state ownership; and mixed ownership according to what our Constitution establishes.

Dismantling the state system and replacing it with the so-called market forces, according to neo-liberal prescriptions, can work in developed countries. But these formulas do not provide good results in our societies,

because in them the market suffers a number of distortions and deformities that prevent free competition and lead to a fatal monopoly, oligopoly, and oligopsony. Everything conspires against equality and favors those who hold economic power. The system soon tends to form a poorly balanced consumer society because the market, which should tell the producer what to produce, very soon lets itself be ordered by the producer, who decides what must be consumed. Therefore, in our societies, it is not the market that determines the quantity and quality of production but the other way around: The producer determines what will be consumed. In this way, the producer ends up manipulating the market and subjecting it to his interests. He uses marketing, one of the fine arts of Western economies, to create in the population new needs or to satisfy old needs in new ways. He uses that tremendous power of premature [words indistinct], he conditions and captivates the consumer, and in the end, it is not the demands of the consumer that determine production but the interests of the producer that determine consumption. In this way, the market stops functioning as allocator of resources and as indicator of production, and its invisible laws become a pipe dream in the countries with a reduced and not very diversified economic system. [applause]

Aside from this, it is evident that the so-called market forces, which to some extent replace planning, totally lack social sensibility. They do not have the least concern for economic injustice, the unfair distribution of income, the destruction of natural resources, or the deterioration of the environment. Within this line of thought and for the fulfillment of our emergency plan, I need the understanding and the help of all Ecuadoreans. I invite them to a great national unity to overcome the emergency situation. [applause] All of Ecuador's vital forces are invited to participate in this: the political parties, the labor groups, the production sectors, the professional organizations, student and cooperative organizations, craftsmen's groups, peasant communities, and, in general, all those who want to join this great operation for our nation's economic and moral recovery. [applause]

I do not want to mislead anyone. The meaning of the word presidential must be reexamined. Ecuador's situation is extremely grave. We have received a nation in economic and moral bankruptcy. There is a worrisome state of ethical degradation in the highest government echelons, and our people have lost their faith because of so many disappointments.

However, we can, we must, go forward. [applause] We are not going to sit and cry over our troubles. Ours is a beautiful country, a country with much potential. Our people are a hardworking people. [applause]

In the political field, Ecuador, excuse me, the Ecuadoran administration that concluded today decided on an isolationist course that prevented Ecuador from making its voice heard with the firmness and clearness that we want. [applause]

Our country has been absent from the most important international forums and on more than one occasion has not helped regional causes and has denied its solidarity to Latin American people. [applause] This must change. We are going to carry out a dignified and sovereign foreign policy, a policy that will improve Ecuador's international prestige, a policy that will strengthen links of friendship with all the people of the world, [applause] especially with our brothers, the people of Latin America, to secure with them the multiplication of forces that unity gives. [applause]. Our foreign policy will defend the principle of nonintervention and free determination, will ignore forceful territorial gains, and will promote the peaceful resolution of conflicts among states. [applause] It will give special solidarity to people struggling against oppressive regimes and it will call for respect for human rights in all lands. Our foreign policy will help the international struggle against drug trafficking. It will reject the presence of nuclear weapons in Latin America. We will add our efforts to those seeking a new international economic order that will bring justice to poor countries, an equitable distribution of the fruits of progress, and rational and humane relations among all the nations of the world.

We will reestablish Ecuador in the international arena. We will implement an independent foreign policy. We will refuse to be used as pawns in the world's geopolitical chess game. [applause]

We will strengthen national values and we will refuse to act as copycats who adopt foreign political positions to the letter. [applause]

There is nothing more implacable than international division, the planet divided in spheres of influence, poor countries being abused and subjugated, warmongering clouds looming over the world, peace being subjected to the equilibrium of terror, with an uncontrolled arms race stealing huge amounts of money from the social and economic development of the people. [applause]

The international division of labor, to define it in (Galeano)'s graphic words, consists of some countries' specialization in winning, while we others have specialized in losing, sacrificing some of our people's vital interests. [applause] How right the English philosopher Toynbee was when he said in his famous dialogue with the Japanese philosopher (Iqueda), and I quote: The ethical level of human achievement has always been low, while, on the contrary, the level of technical achievement has risen in a curve that has spiralled more rapidly in our times than in any other period in our knowledge. Consequently, today the disparity between our technology and our ethics is greater than ever. This circumstance is not only humiliating, it is mortally dangerous, unquote. [applause]

In no area are these words more true than in the arms race. In a world of growing imbalances, of critical poverty in some areas and economies of abundance and

waste in others; of demographic explosions; of limited and perishable resources; of the accumulation of debt; and of the dangerous destabilization of the international economy, the arms buildup and the gigantic sums invested for it are not only irrational, but ethically reprehensible.

In recent years, the world's military expenditures have escalated dramatically. In 1985, they totaled $800 billion; in 1986, they increased to nearly $900 billion; in 1987, they climbed to almost $1 trillion. This figure, which represents approximately 6 percent of the world's gross product, is more than 20 times the total official assistance granted for the development of underdeveloped countries.

Each minute, the world spends $1.7 million on weapons, and 30 children die for lack of food or vaccine somewhere in the world. [applause] According to 1984 figures, NATO's annual budget was $312 billion, and the Warsaw Pact budget was $300 billion, while WHO needs—to erradicate malaria, which kills a million children worldwide—resources equivalent to one-third of the cost of one of the atomic submarines owned by the two military alliances. [applause] But it does not have those funds, and the children continue to die. [applause]

How many social problems could be resolved with just a fraction of the financial resources required for the arms race! It has been estimated, for example, that a worldwide program to immunize children against certain diseases would cost only $300 million, a sum the world spends in just 3 hours for warlike activities. [applause]

For the same purposes, an amount equal to a 2-year UNICEF budget—$500 million—is spent in just 4 hours. With the cost of a nuclear submarine, approximately $1.4 billion, it would be possible to cover the annual education budgets of 23 developing countries with 160 million school children. [applause]

Nor have the developing countries been able to free themselves of poverty and social ills. In some of them, there have been significant cutbacks in welfare, education, health, and other programs in order to reduce the deficit created by military expenditures.

As is noted in the final document of the international conference on the relationship between disarmament and development, which was held under UN auspices in September 1987, I quote: The continuous worldwide arms race and development compete for the same (?net) resources in the national and international spheres. The document continues: There is a dramatic contrast between worldwide military expenditures and the economic and social underdevelopment, misery, and poverty that afflict over two-thirds of humanity.

This is a paradox because the accumulation of weapons does not represent greater security. An armed peace is not a secure peace and it never has been. Therefore, 50,000 nuclear warheads do not guarantee world peace; in fact, they threaten peace and are the reason why mankind lives in a constant state of psychosis and alarm. [applause]

We must achieve disarmament, generate a universal awareness of disarmament, and direct international public opinion against an arms buildup. We praise all efforts exerted to attain this goal, and we state our sympathy toward all the peace-seeking actions carried out in any part of the world. [applause] We must recognize that the bilateral negotiations, and the signature and approval of the Soviet-U.S. treaty for the limitation of intermediate- and short-range nuclear weapons represent, in my opinion, one of the most important and auspicious events for world peace in the second half of this century. [applause] Even though that document only deals with the elimination of a small percentage of the world's nuclear weapons arsenal, there is no doubt that the signature of that document is virtually the first authentic step taken toward world disarmament since the beginning of this era; and it has helped improve relations between the two superpowers and decreased tensions in international relations.

Many issues must be settled in the future concerning disarmament, and this demands immediate actions by the countries comprising the international community. The most important actions concern a complete ban on nuclear tests—of any size, in any location, and forever. We must stop the arms buildup from extending toward outer space, stop the arms race, which is being waged on earth, from extending to new horizons. [applause]

Based on these principles, we want to settle the territorial dispute that we have had with Peru for such a long time. [applause] The existence of this conflict precludes the possibility of attaining economic and social development in the two countries, which must earmark enormous financial resources for military expenses. We must be pragmatic. We must implement the problem-solving methodology established by international law without eliminating the possibility of a direct, open dialogue between the two nations and a joint effort on their part to achieve a peaceful and equitable solution. [applause]

Similarly, I feel I have the authority to say that this is the goal sought by the Ecuadoran people, who want peace—peace with dignity and based on respect for our rights in the Amazon region, which is so vitally important for our people's future. The resolution of this problem would benefit our countries, because it would offer us the opportunity to establish fruitful relations between friendly nations and allow economic cooperation between them. [applause]

Ecuador and other countries in our America continue to suffer in mid-1988 from the harshness of a weak and unstable international economy and an excessive debt, the service of which is high enough to render useless all

efforts to attain our development, even if the international economy had attained a prosperous level. These twin evils, which appeared early in this decade, are enough to push our countries toward what is possibly the most difficult and controversial situation they have experienced since their independence—including the great depression in the thirties.

This is the international economic crisis on whose stage we must carry out our efforts. After several years of analyzing it and of daring to make forecasts of recovery which were not fulfilled, it now seems clear to me that this strange international situation is not a cyclical phenomenon of the kind that has periodically afflicted the capitalist economies; it is something different. It is a crisis that is quantitatively and qualitatively different from all prior ones. It is different quantitatively because it is universal to a previously unknown extent, because it affects all the world's countries—the developed and underdeveloped, those of the North and those of the South, the capitalist and socialist states, the exporters and importers of oil, the debtor countries and the creditor countries. All of them are suffering the ravages of the crisis. It is also qualitatively different, because it is at the same time an acute and a prolonged recessive and inflationary crisis.

Behind the turbulence of the crisis, one can surmise very deep changes affecting the advanced societies, not only in their economic structures, but also in their political organization and functioning. There are some who say that these changes constitute a total break with the past. Indeed, there are advanced technologies; there is an element of rapid technological evolution. The so-called advanced technologies have made some of the industrial installations of the rich countries obsolete, and have caused a painful reconversion, the effects of which are particularly notable in Europe, where unemployment remains high.

This need for reconversion also affects the United States, even though it is the main agent of the ongoing technological revolution. The symptoms most indicative of the problem are the protectionist trends which—we hope with little success—are knocking on the doors of U.S. decisionmakers, as well as a trade deficit and a tendency toward a slow growth of productivity, which today is the basic U.S. disadvantage in the face of the unstoppable accumulation of wealth and increased productivity of Japan, which is a close second to the United States in the technological race.

In any case, the industrialized countries, which could have helped haul the international economy out of its stagnation, have not played that role and have not yet been able to overcome their own problems or coordinate their policies among themselves. And those who are suffering the most painful consequences of this deficiency are the developing countries, which are extremely vulnerable to the imbalances of the rest of the world. [applause]

I think we should view from this angle the massive reforms that are being carried out in two Marxist countries, the Soviet Union and the PRC. We are not yet able to see the real significance of the changes being implemented by Mikhail Gorbachev, but they are undoubtedly the most important that have occurred in the Soviet Union since the October Revolution. [applause] The democratization of political life, the decentralization of economic decisions, and the use of domestic incentives are basically aimed at recovering lost ground and at placing the Soviet Union in economic and technological competition with the West. The same can be said about the reform and opening of China, which has decided to enter into technological and trade competition with the countries of Southeast Asia. These two processes entail a deep ideological revision and the breaking of deeply rooted dogmas. [applause]

In essence, what is at stake is the importance of technological progress as a factor of international domination, because in the end, all the factors of domination are technological. Industrial development is nothing but technology at the service of production. Military power is but technology applied to the art of war. Agricultural development is but technology destined for farming. Cultural penetration is but technology at the service of the worldwide dissemination of ethical and aesthetic values. Everything is definitely summed up in technology, which is understood to be scientific knowledge applied to practical tasks.

Therefore, the technological gap is the source of all dependencies. As a result, the control of technology has produced two industrial revolutions, the first industrial revolution and the perestroyka revolution, and it has brought about the current international economic order.

The first industrial revolution, that of the big machines in the 19th century, was carried out to eliminate physical work by man. The machines replaced muscles. The second industrial revolution began after World War II and has reached its climax now. It has replaced man's intellectual activities with computers and microprocessors.

Some U.S. universities are working on the development of so-called artificial intelligence, which is based on electronic equipment capable of reasoning like the human brain.

Science continuously creates new social and production relations. This makes it necessary for political ideologies to continuously adapt and adjust to societies undergoing surprising and continuous qualitative changes.

I have mentioned this to highlight the growing foreign dependence of poor countries, which is a total—not only economic—dependence. The economy is just one of the many manifestations of a domination that shapes political ideologies, economic theories, cultural values, behavior patterns, and consumption models.

The increasingly unequal development between the industrialized world and the Third World has resulted in a period of extreme poverty and profound economic backwardness for Latin American countries. [applause]

Indebtedness partially explains what happened; however, there are other factors linked to the current conditions in our international relations that hamper our efforts to face our urgent financial needs.

At a time when we most need a dynamic foreign trade, the prices of our main exports are less favorable, we face more obstacles in selling our manufactured goods, and trade exchange rates persistently deteriorate.

In 1985, purchasing power indexes for Latin American basic exports, particularly for agricultural products, dropped below those that prevailed in 1982, which at that time were regarded as critical.

A wide range of protectionist customs and noncustoms measures, compensatory taxes, so-called voluntary quotas, and other restrictive practices have been adopted by industrialized countries to protect primary and industrial activities in which developed countries have been competitive. Today we are concerned about the threat of amendments to U.S. trade laws that could result in a variety of restrictions.

All this occurs at a time when Latin American peoples are being asked to face a foreign debt that would absorb a substantial part of foreign exchange even if exports did increase.

Under these conditions, we cannot overcome the crisis, pay the debt, and find the path to development. Just as unequal conditions in social life lead to injustice, in the international arena interdependence between unequal countries is a modern and sophisticated expression of colonialism. [applause]

We must make equity acceptable as an international value, so the vital interests of each nation—big or small—have the same value and respect in the world. The time has come which we thought was far away, when it is not possible to attend to our people's development needs and at the same time pay the installments and interest on our foreign debt. We can only do one or the other, but not both simultaneoulsy. [applause]

It is not a matter of not wanting to pay the debt; it is a matter of not being able to pay the debt under the conditions in which they want us to pay it. [applause] We cannot understand the foreign debt problem from Latin America's viewpoint unless we first realize that it is no longer a financial problem—although it was at the beginning—but a political problem, because the standard of living, peace, and well-being of more than 350 million Latin American people depend on its solution. [applause].

Second, this is not an isolated problem separated from international events. This is part of North-South relations, of the current economic international order, of the control-dependency aspect of relations among states, and of our underdevelopment. It is a lie to say we are developing countries, to quote an overused euphemism. We are underdeveloping countries, because [applause] with the advance of the industrialized nations we have sustained a growing backwardness and the gap separating us is widening.

Third, this is not a problem affecting only the debtors; rather, it is a shared responsibility with the creditors inasmuch as the former got into debt in an irresponsible manner, while the latter hastily toured Latin American government offices to leave their excess monetary liquidity. [applause]

Fourth, the foreign debt is not our only debt. There is also a social debt that we must clearly pay to our people. [applause] There are hospitals we must give to our ill people, schools we owe our children, roads we must build for our peasants. [applause] Therefore, we must find unconventional legislative means—as President Alfonsin said this morning—new and stable means for coping with the debt.

Therefore, in a friendly manner, I ask our creditors to be more understanding of our situation as a basis for a lasting understanding. [applause]

A general analysis of the Ecuadoran situation reveals the following facts:

First, the previous government has been behind in paying interest to the international banks since January 1987. There is an accumulated amount of well over $600 million that has had negative results and that our administration inherits today.

Second, as of the end of this year, the total amount of interest that should be paid to the banks and other creditors—including back payments due in 1987—will total over $1.2 billion.

Third, it is estimated that this year the net flow of payments minus amortization for foreign credit will be in the red by approximately $260 million. This means the Central Bank will need $1.46 billion in foreign currency.

Fourth, the ratio of the net service of the debt in relation to oil exports—which is our main export—is equal to 140 percent in 1988, and was equal to 78 percent [corrects himself] and will be equal to 78 percent in 1989. This confirms the difficulties we are having in meeting these commitments.

To give an idea of the burden the debt represents for our economy, it would be sufficient to say that the total debt at the end of 1987 was higher than the country's gross

domestic product and that to pay it back, it would be necessary to spend all of Ecuador's exports for more than 4 consecutive years. [applause]

We are beginning to become aware of the democratic interdependence in Latin America. This opens the path to new political and diplomatic practices in relations among our countries. The Contadora and Support Groups, the Group of Eight, and Esquipulas II are proof of new forms of regional political cooperation.

In this regard, the revitalization of the Andean Pact as a means of development for its member states is of great importance. It is true that the process is facing difficulties, partly because of the international crisis and partly because we ourselves have not been able to implement the pact efficiently and faithfully according to our commitments. That, however, should not make us give up economic integration efforts. We should review our work and correct our errors, because I believe economic integration will become necessary to achieve development—particularly industrial development—by helping to overcome the limitations of our domestic markets through the creation of new markets.

Sometimes we have demanded more from integration that it can offer. That is a mistake. Integration is not a panacea for all ailments. It is just one of the many economic policy means available to speed up the development process.

I am going to give priority to the programs within the Amazon Cooperation Treaty. I will aim to increase knowledge of the cultural and natural resources in the Amazon region, to develop appropriate technologies for managing these resources, and to improve living conditions in the Amazon region. [applause]

During my term, I will fulfill the duty of commander in chief of the Ecuadoran Armed Forces. [applause] I will do it within the framework of the Constitution and the Republic's laws. I will respect the chain of command and the military hierarchy. I will encourage the Armed Forces' professional improvement and will demand the most absolute institutional discipline. [applause] I will have all confidence in the Armed Forces and will not ask them to do anything illegal. I will not turn barracks into political instruments. [applause] I will not ask the Armed Forces to support one party over another, because they belong to the country, which is the one that gives them weapons and has entrusted them with the privilege of defending our sovereignty and territorial integrity.

Subject as they are to civilian power, the Armed Forces are not politically oriented by mandate of the Constitution; [applause] in other words, they cannot make political decisions using the weapons that have been entrusted to them by our people. [applause]

Politics is the art of controversy, while the military is the art of discipline. [applause] The first duty of a soldier is to learn to obey, and he then learns to lead when his time comes to lead. The divisive disease of politics should not infect the Armed Forces. When political problems affect the Armed Forces, when they make political decisions, or when they enter the parties' struggle, their unity is broken, controversy corrupts their ranks, and they lose the people's respect. [applause]

In the modern state, particularly in times of crisis as the ones we are enduring, the Armed Forces, in addition to their strictly military duties, should contribute to the country's social and economic development. [applause]

Its trained human contingents and huge material infrastructure must also be used for the development, welfare, and economic progress of our people. Under the leadership of the president of the Republic, and in coordination with other government branches, the Armed Forces must protect national security as the imperative of any modern state.

However, national security—namely, the security of the state—cannot be construed apart from the strength of the four [as heard] elements that comprise it: territory, people, the country, political power, and sovereignty. [applause] A state cannot be strong if the elements that comprise it are not. One cannot speak of national security if its elements are weak.

Therefore, if we want to make the state secure, we must have a healthy, strong, well-fed, and properly educated people who rally in solidarity around national objectives. They must be mentally prepared to work for the country's economic and social development as the most fruitful and modern expression of patriotism. [applause, shouts]

Territory, the geographic element of the state, must also be reinforced through its full occupation, cultivation, agrarian development, defense of its natural resources, and balanced development of all of the country's geographic areas.

We must give political power prestige, trust, and stability. We must endow it with moral authority and credit so it can govern, lead the people, and manage the state's affairs.

Sovereignty—that internal power of the state to lead its destiny without outside influences—must be reinforced with discipline from within and independence from abroad.

National security is the ability of a state to reach its own vital objectives, based on free decision. To reinforce only one of the state's elements—the political element, to be precise—to the detriment of the rest, does not really contribute to national security. An authoritarian regime, which violates its people's human rights, constitutes a

threat to national security as serious as foreign meddling, terrorism, and drug trafficking. [applause] My government will strive to articulately and simultaneously energize all of the state's elements to consolidate national security. I summon civilians and officers to this patriotic task, as they are equally responsible for the destiny of Ecuador. [applause]

I have always been moved by the words by Juan Montalvo [19th century Ecuadoran writer]: Those citizens who were soldiers at the call of the fatherland, and soldiers who were citizens, would be a great people. [applause]

I am greatly concerned about human rights matters. I have internal and external reasons for that concern. I trust my government will be marked by the deepest respect for the rights of human beings. I trust that Ecuador will again be the land of liberty, peace, and harmony it always was. [applause] As I have often said, peace is a country's most important economic resource. For peace to be lasting and fruitful it must be based—as Benito Juarez wanted it—on respect for the rights of others. [applause] Today, more than 100 years since that lucid phrase, which entails a deep philosophy of social life, was uttered, we must understand that peace is respect for the economic rights of people.

I want to talk to you about that. I feel we have gotten used to regarding human rights exclusively in terms of relationships between states and people; namely, within the framework of contradictions between rulers and subjects. It must be the traumatic impact of Latin American dictatorships, with their load of abuses, that made us feel that way. However, there are other economic and social factors threatening the integrity of human rights. Respect for human rights is not merely the absence of political repression. Rather, it is also the implementation of social justice, economic equality, and dynamic actions to provide social services to the unfortunate sectors of the population. So long as there are sectors suffering economic instability and social alienation, we cannot say that human rights are respected, even though there is no political repression. [applause]

Because of a basic sense of justice and fairness, my government will place special emphasis on the social area, because the economic system prevalent up to now has more harshly affected Ecuador's poor. I am very concerned about the situation of the Ecuadoran workers and also about our economy's informal sector. The Ecuadoran Social Security Institute [IESS], which is the guardian of the savings of the country's workers, is experiencing the gravest crisis of its history. The state's debt to the IESS was 65 billion sucres in 1984, and today it has increased to the absurd figure of 177 billion sucres. This means that in the past 4 years, it increased 112 billion sucres. The administration that ends today, among other obligations that it did not fulfill and that my administration will have to face, did not pay the contributions for the government workers' retirement funds, the contributions for the military and police funds, and the contributions for the special retirement funds of the teachers and the state's telecommunications and railroad workers. [applause]

In 1984, the medical system registered a deficit of 246 million sucres. The government that ends today increased that deficit to the astronomical figure of 12.245 billion sucres; in other words, it increased that deficit by 12 billion in just 4 years. The fund for the workers' old age, disability, and death pensions, which up to 1987 had a deficit of 20.725 billion sucres, will register a 7.275-billion-sucre deficit increase at the end of this year.

The previous government totally drained the military and police funds because it did not pay its obligations to those institutions. As a result, the state owes the Social Security Institute 11.433 billion sucres. Because of the total lack of administrative control, the debt of employers exceeds 6 billion sucres and debt from mortgages is 5 billion sucres. These are the numbers that show the extent of the crisis under which we take over the IESS today. The drainage of its capital and its lack of liquidity are so grave that for the first time, the institute had to suffer an overdraft in its bank accounts in June 1988 to be able to pay its own employees.

The administration that ends today has been unable to complete the hospitals in Tacunga, Riobamba, Ibarra, Loja, Manta, and Portoviejo, [applause] whose construction it began 4 years ago. It has also not completed the five model hospitals of Guayas Province, which were supposed to be finished 2 years ago. It has been unable to begin the construction of the hospitals in southern and northern Quito and those of Tulcan, Esmeraldas, and Cuenca, whose architectural studies were concluded in 1984.

I think that agreement is essential among the national government, the workers, and the employers to save the IESS from definite ruin. [applause]

The Ecuadoran children deserve special mention. [applause] They were my affectionate bodyguards throughout my campaign. They were always on the front line of our mass rallies. They obtained many votes for me, and their contagious enthusiasm gave our campaign a very special style of happiness and freshness. [applause] I am indebted to the Ecuadoran children. [applause] Unfortunately, the indicators of the children's quality of life are too dramatic to be ignored. Forty-nine percent of children under 5 have chronic malnutrition; 79 out of 1,000 children die before they are 1 year old; 50 percent of rural children do not finish elementary school; approximately 100,000 children in the cities have to work to help their families. There is an increase in female heads of households and children are raised without fathers or with fathers who do not regularly live with

them. In sum, of 4 million children under 14, close to 70 percent grow up disadvantaged because their families' income is not enough to satisfy basic needs.

In the democratic phase we begin today, we will promote a great social mobilization on behalf of children, because they are the only privileged ones in my government. [applause] I want to see happy, healthy, and well-fed children. I want to see children exercise the rights of their age, which is to study and play. I do not want to see them shining shoes or selling things in the streets. [applause]

A correct analysis of our historical, sociological, and anthropological situation must necessarily include the recognition that we are a multinational and multicultural state. [applause] Diverse Indian nationalities live in our country. They were formed throughout centuries of coexistence before the state existed. Each of them has its own cultural identity and values that have to be respected, not only because they are the basis of our country's cultural wealth, but also because of the aggression of other cultures.

We will promote the independent development of national culture, understood in its broadest meaning, such as science, technology, arts, folklore, and philosophy. We must overcome the quantitative and qualitative crisis of Ecuadoran culture.

We must pay special attention to scientific and technological research because that is the key for development as well as the origin of dependence. Science and technology are culture, but science is the most dynamic part of culture while technology is the most dynamic part of science, and electronic technology is the most dynamic part of technology. [applause]

Ecuadoran universities are the main institutions called on to be involved in scientific and technological research. Because of the knowledge that I have of university problems, and because of my links with them as a university professor for many years, I cannot fail to mention my concern for their destiny. I do not see them involved in scientific and technological research. Ecuadoran universities can be sure that my government will be ready to collaborate in all efforts to turn them into superior centers of research and study capable of producing the human resources that the country needs for development. [applause]

During the past 16 years, revenues from oil exports represented between 60 and 65 percent of our exports. Up to 60 percent of the state's general budget depended on our oil resources, and during those years more than 50 percent of our consolidated public sector's budget was financed by oil revenues.

This situation has radically changed. For the first time since Ecuador became an oil exporting country, today the government begins its term with unequivocal signs of collapse in the national and international oil industry. Current prices of Ecuadoran oil—approximately $13 per barrel—are the same as 10 years ago, but in reality they are very similar to the ones that existed at the beginning of the Ecuadoran oil era in 1972. Our oil reserves have dropped almost one third: from 1.5 billion barrels in 1972 to 1.1 billion barrels in 1988, according to World Bank statistics. Consequently, our reserves have decreased from 20 to 10 years.

The profit from each barrel of oil produced in the Ecuadoran Amazon region has constantly dropped not only due to the deterioration of international prices, but to an increase in production costs as a result of difficulties in exploiting traditional oil wells and to the smaller size of newly discovered oil fields.

We do not foresee any improvement in this situation in the near future. The international outlook is not encouraging. Oil production in the world—from both OPEC and non-OPEC countries—has significantly increased during the first 6 months of this year. The production of crude among OPEC countries was approximately 18.3 million barrels per day during the first quarter of this year, and 18.8 million per day during the second quarter. If we add the production of natural liquified gas, the current total production is 20 million barrels per day.

Saudi Arabia is carrying out its strategy of not reducing its production even if prices fall. The decision by the United Arab Emirates to increase their production 200,000 barrels a day beginning in July and the slight increases by Iran [words indistinct] and Kuwait, along with the production increases by non-OPEC members such as North Yemen, Brazil, and Angola, permit us to assume that it is very improbable that there will be an important increase in crude prices this year. This is especially so if we take into account that the industrialized countries have been able to store approximately 2 million barrels a day in the past few months and have established huge inventories of strategic reserves to meet approximately 102 days of consumption.

The overproduction of petroleum and the reserves accumulated by the industrialized countries are of such a magnitude that not even the interruptions in the supply of petroleum from the Persian Gulf as a result of the Iran-Iraq war have had an impact on prices. The construction of oil pipelines outside the zone of conflict has reduced the real importance of the Strait of Hormuz to the point that today only about 8 million barrels a day are transported through it; in other words, approximately half of what was transported before the war.

Therefore, the situation is not going to change if the war continues. However, if it ends, the most probable thing is that the two countries, needing to finance their reconstruction and to pay for their debt and their economic development, will try to export more petroleum and will be able to do so by exporting approximately 2.5 million barrels more a day than they do now.

Therefore, the prospects are not good and it has been predicted that in the next 2 years the price of oil will fluctuate between $14 and $18 a barrel. This means a big deterioration for the economy, which is extremely dependent on oil resources. I have the obligation to tell the people the truth and the truth is that the golden era of petroleum is over. A good part of the resources obtained from petroleum were wasted on superfluous expenses. We have extracted from the subsoil more petroleum than we have discovered in the new fields. We have consumed 1.253 billion barrels of our proven reserves, 53.5 percent, and we have been incapable of creating sources of permanent wealth to replace the petroleum that has been depleted. We have developed an oil mentality, used to easy money and to inflated habits of public and private expenditures and consumption. We are a poor country and we must live as such. We can only rely on our own capacity to push ahead. Clean hands that have not been stained by petroleum will be the ones that in the future will handle our oil resources. [applause]

My government will respect commitments with foreign companies within the framework of contracts for the exploration and exploitation of hydrocarbons. We hereby declare that foreign investment in risky operations are welcome, inasmuch as Ecuador's financial resources are sufficient. However, we will watch over them to make sure those investments are subject to all legal regulations and are in line with our national interests. [applause]

I wish to take this opportunity to say that Ecuador needs foreign investment for its development, particularly in the fields of petroleum and mining. Nonetheless, not all foreign investments are advisable. We must select what the country needs, that is, we must use it where it is needed, when it is needed, and at the costs that are convenient to us as the receiving country. [applause]

The Ecuadoran State Petroleum Corporation, CEPE, has been efficient in its exploration and has discovered new and important oilfields in the last 10 years. CEPE has the main responsibility for renewing our reserves, and it has done it well. We will incorporate into production the new oilfields discovered by CEPE in the north and central areas of the Amazon region to alleviate the drilling pressure on the traditional oilfields and compensate for a possible reduction of their contribution to the national production. CEPE will receive full support from my government so it can carry out its duties. At the same time, I will demand that it—as well as all state organizations—is efficient and austere. [applause]

Private economic activities are evaluated in terms of profits, while public activities must be evaluated in terms of general welfare. This is the usual rule. There are some state organizations that are evaluated in both ways, however, because the national goals the state pursues through them could not be achieved unless these are done in an efficient and austere manner. This is the case of CEPE. That is why the state—representing the people, who are its true owners—cannot hinder professional management; the enforcement of management principles and practices; systems for selection, promotion, and development of personnel based on merit; training; and the continuation of plans.

The efficient management of state enterprises is one of the challenges of our democracy. No economic system—be it socialist, capitalist, or mixed—can do without the concept of productivity; that is, the efficient use of means of production. A country that neglects these principles loses ground in today's world, whose international economy is fiercely competitive.

For many years, Ecuadoran industry has suffered an unprecedented contraction. From 1983 to 1986, the value of production dropped by 0.8 percent. In other words, it is below the 1981 level, basically due to a reduction of the actual revenue from various sectors, high costs of imported raw materials and machinery, and the scarcity of credit. This has not been extremely serious, because despite all the problems, our industry has been the most stable sector of our economy and has promoted national development.

No country has increased its standard of living without the help of the industrial sector, which is highly productive. Industrial development activates a country's overall economy, creates a demand, stimulates investment, and even changes the people's view of the production process. I believe it is very unrealistic, almost nearsighted, to propose alternatives that exclude industrialization for export purposes or industrialization for domestic consumption. I do not think there is any incompatibility between the industrialization that seeks foreign markets and the industrialization that seeks to replace imports.

At any rate, my government will provide all necessary incentives and guarantees so small industries and agroindustrial enterprises will develop, will fully use their capacity, will improve their productivity, and will correct their problems; in other words, so they will become prosperous, modern activities. [applause]

At the same time, we will demand from the entrepreneurs efficiency, social responsibility, a respect for consumers' rights, creation of jobs, compliance with obligations, abidance with the law, and a humane, just treatment of workers. [applause] Under these conditions, we will understand each other and will work in harmony for the country's development.

The rural sector is the basis of the Ecuadoran economy. One out of every two Ecuadoreans is part of this sector. The rural sector produces food for the people, raw materials for industry, and crops for export. However, it is confronting serious production and productivity problems. Most of the crops, particularly those for the domestic market, have a low yield per hectare.

The production of corn, potatoes, and other vegetables is insufficient, and it is affecting prices. One of the causes of this situation—in addition to the drought and the unseasonal rains—has been the recent policy of the National Development Bank, which reduced its loan services as part of a true conspiracy against the country's agricultural production to cause problems for my administration.

As of 31 May, development loans decreased by 24 percent for the rice sector, 26 percent for corn, 14 percent for cotton, and so forth along the same lines in several other areas.

The current agricultural year is a particularly grave one. According to the Agriculture Ministry and the National Development Council, during the first year of my administration my government will have to import—in spite of the serious shortage of foreign exchange—between 30,000 and 50,000 metric tons of rice, approximately 30,000 metric tons of sugar, 16,000 tons of cooking oil, and 7,000 tons of cotton.

In the telecommunications field, we are firmly determined to correct technological problems, administrative inefficiency, insufficient coverage, and the incorrect subsidies that have turned this public service into a permanent cause of consumer dissatisfaction.

In a highly dynamic world where communications are essential, it is paradoxical that there are barely 5, excuse me, 3.5 telephones for each 100 inhabitants. It is also paradoxical that the lines to the outskirts of the city are practically out of service, and that the capacity of the national transmission net is close to its maximum capacity. We hope to soon install 200,000 new telephone lines and 400,000 additional lines by the end of our term, which will mean a (?15) percent increase per year and a doubling of the number of consumers per [words indistinct]

Together with communications, we want to add computer technology, which today has become an essential tool for the modernization of public administration, management, and for providing public services, planning, and decisionmaking.

In closing, because I have already abused your patience [applause] I want to say that I earnestly want to be the president of all Ecuadoreans. [applause, crowd shouts: "Borja, Borja!"] I want to be the president of peace, of national unity. This is what our people want, as I have learned over the many years I have toured Ecuador.

People know peace is important for our country. People set the limits. They are aware that only by working together will we overcome economic difficulties. We cannot use our best energies to destroy ourselves and our country. We must understand that while other countries advance and progress, increase their production and expand their foreign markets, we are going backward more and more because of our sterile fighting. I offer Ecuador a leadership of firmness and honesty to face the crisis. [applause] No nation has ever been able to solve difficulties without work and sacrifice. Europe was destroyed after World War II, the armed hordes destroyed everything, but Europeans united and started working, and Europe rose again from the ashes. Japan became a huge cemetery after World War II. The first two atomic bombs in history were detonated there. However, with its people's work, that country also rose from ruins and today is one of the world's superpowers. This is the miracle of peace and work.

We will try to establish a democracy that is efficient, strong, austere, with discipline and the capacity to defend itself from its enemies. Democracy is not unruliness, disorder, or lack of responsibility. Those who think democracy consists of everyone doing what pleases them are wrong. Democracy is a system of social coexistence that shares among all people the quota of rights and responsibilities that each individual must uphold and fulfill. The functioning of the system depends on the loyalty of citizens and their conduct; not one of them should try to benefit from their rights by evading their obligations.

The current century is about to end, and we should start thinking about democracy in the 21st century. Political ideas cannot be left behind science or technology. Scientific progress creates new social and production relations that must be taken into account by political theories. Today, the world's reality changes in one decade more than the old world changed in one century. Therefore, we should already start planning the democracy of the space age, the age of nuclear physics, of cybernetics, of computer technology, biochemistry, and genetics, which are beginning to shape a new and surprising social reality that should be guided by the democratic theory of the future. [applause]

Ecuadoreans, here is Latin America meeting with all its wealth of political stances and nuances to show the ideological pluralism we practice confirms our deep democratic convictions and that unity, in the midst of diversity, is not only possible but desirable to strengthen and defend what is ours. [applause]

Portugal is also here, represented by my old and dear friend Mario Soares. He is the father of Portuguese democracy. [sustained applause]. Here is Spanish Deputy Prime Minister Alfonso Guerra. [sustained applause] He is a strong example of ideological firmness. Here is Mrs Danielle Mitterrand, who has been kind to visit us. [sustained applause] She has been kind to visit us on behalf of one of the most illustrious statesman of our times, French President Francois Mitterrand. [sustained applause]

When I lost two elections, before winning the third, [sustained applause, shouts] Francois Mitterrand's capacity to struggle and tenacity served as an example for me. He always began a new campaign the day after the elections. [applause]

Accompanying us are vice presidents, former presidents, foreign ministers, special missions, presidential candidates, political leaders, officials of international organizations, and top proponents of the cultures of Europe, North America, Asia, Africa, Latin America, and the Caribbean. [applause] To all of them, whom our people welcomed with open hearts, I convey my deep gratitude for coming to share our joy and hope. [applause]

Heavy governmental responsibilities weigh heavy on a country with extremely difficult conditions. However, the government has the cooperation of a great team of patriots who have all the qualities I promised the people: Talent, a progressive way of looking at life, honesty, and a decision to face difficulties. [sustained applause] Heading this team we have an extraordinary man. He is comrade Vice President Luis Paradi Valverde. [applause] The tasks of economic planning have been entrusted to his talent and honesty. The members of this team have agreed to walk with me on the thorny path of government and to share with me the joy and loneliness of power. I thank them. [applause] [4-second break in reception for station identification] the success of the work by the National Congress and the Supreme Court of Justice, in whose wisdom and patriotism Ecuadoran democracy also rests.

I thank the Democratic Left Party, [sustained applause, shouts] our young party for its long struggle for its loyalty to me. I also thank the allied parties that joined us in the elections and that support our future government actions.

To end, I want to thank with affectionate and tender words the people of Ecuador. For many years, they have been linked with me and have deeply shared with me my life's ups and downs as a fighter for democracy. [sustained applause, shouts] Together we have suffered, with anger and impatience, the tribulations and sorrows of the fatherland. Together we have dreamed of the dawn of social justice. We were together in the elections, all 1.8 million voters. The votes represent many dreams, as each vote represents a dream. Each vote is a hope. For me, each vote is a commitment to devote all my energy to serve Ecuador. [applause]

In this urgent hour for the fatherland, with my spirit moved by so many emotions and worries, I sign, with our people's own hand, a long-term pact with hope. [sustained applause]

Popular Support Sought

PA1108045688 Quito Radio Quito in Spanish 0315 GMT 11 Aug 88

[Speech by President Rodrigo Borja at the National Palace in Quito—live; broadcast in progress]

[Text] ...In words that spring from my heart, I want to hail the Ecuadoran people who, along the coast and in the mountains, the Amazon region, and the Galapagos Islands, have offered me their inspiration, their help, and their solidarity, which have enabled me to triumph in this long political campaign. [crowd chants: "Borja, Borja, Borja."]

[Words indistinct] with the poorest, those who suffer the most, those who have to suffer the most injustices as a result of a poorly organized society. You backed me for a long time and stayed beside me in the struggle. I want to ask you a favor, nevertheless. Stay with me in my term in office, because I need your support and inspiration.

I have received a country full of difficulties, a country in crisis, a bankrupt country, an indebted country, a country full of difficulties. To forge ahead, however, I rely on your understanding and your spirit of struggle and sacrifice, because only by working hard together can we extricate Ecuador from its deteriorated state and lift it up as the nation deserves.

I have a fundamental duty toward my homeland's poor people, the poor neighborhoods, peasants, the Ecuadoran children who were always my beloved friends, the women of our land, the mothers and the housewives who feel the sting of inflation, the high cost of living, and the skyrocketing prices.

I am here thanks to you. Our people's vote has placed me in the highest office of public responsibility. I promise to devote myself to the fullest to serve those whom I love the most, the vibrant Ecuadoran people. I thank you for your presence here. I want to always have you close by my side during my term in office. My contact with the people will give me strength to forge ahead. My contact with the people forces me to handle the property [words indistinct] carefully, patriotically, and honestly. Thieves will go to jail. I thank you for gathering here.

This government palace is your house; this government palace is at your service; and this president, whom you elected, will not rest in his daily tasks and activities to serve those who need him the most, meaning the poorest and forgotten people who live in every corner of our Ecuadoran territory. [Words indistinct] responsibility and tasks, yet those responsibilities become easier because I have the Ecuadoran people's love, solidarity, support, encouragement, and strength.

I want to bid you farewell with the fondest words. I want you to understand, I want you to understand [repeats himself] that nine Latin American and European presidents came to Ecuador. This is the most important international meeting that ever took place in Latin America on the occasion of a presidential inauguration.

I have just received the highest decoration awarded by the Republic of Venezuela, and I have received it on your behalf. I have received it thinking about you, and I

have received it thinking that I am what I am because of you, and that the government's success also depends on you—and the support, strength, and support you offer me.

Thank you, Ecuadoreans! I greet you and I greet our great homeland, the homeland that we will set on its feet and make walk; the homeland in which we will attain social justice; the homeland whose government will work day and night for the poorest, the downtrodden, the underprivileged, and the forgotten throughout the long years of our country's history as a republic!

Thank you, Ecuadoreans, and we will continue the struggle—because the struggle continues!

President Borja Welcomes Nicaragua's Ortega

PA1108152288 Quito Voz de los Andes in Spanish 1424 GMT 11 Aug 88

[Speech by President Rodrigo Borja Cevallos at the arrival ceremony for Nicaraguan President Daniel Ortega at Mariscal Sucre Airport in Quito—live]

[Text] Nicaraguan President Commander Daniel Ortega: On behalf of the Ecuadoran people and government, as its worthy representative, I am honored to extend to you and to your distinguished entourage a cordial welcome to Ecuador. You are coming to a democratic, pluralist, sovereign, and free country. At this moment you are witnessing a popular festival spontaneously organized by our people to celebrate a fundamental change of direction in the government.

Your presence here, and that of other distinguished people, is the reiteration of the political and ideological pluralism that we practice, believing that Latin America must be united, that the principle of nonintervention must be respected, and that each country has the inalienable right to find its own political solutions and its own path of economic development.

I want to express my appreciation for your visit and your presence, which contributes to the solemnity of this inauguration. We will resume our severed relations during the course of the day, with the belief that our country is called upon to maintain friendly relations with all countries of the world, despite ideological differences. Latin America must always be united to defend its common interests above ideological or political differences. We demand respect for the decisions of our people and for the forms of state organization and governments that we have adopted by popular will. In the same way we are ready to maintain absolute respect for the decisions of brother Latin American countries.

You and your entourage are welcomed to this land of liberty. I extend my best wishes so your stay here will be as pleasant for you as it will be for the Ecuadoran people who cordially greet you.

Ortega Responds

PA1108160788 Quito Voz de los Andes in Spanish 1428 GMT 11 Aug 88

[Speech by Nicaraguan President Daniel Ortega upon his arrival at the Mariscal Sucre International Airport in Quito—live]

[Text] Ecuadoran President Rodrigo Borja, my Ecuadoran brothers: I bring a message of peace and brotherhood to the brave and heroic Ecuadoran people who, by swearing in President Rodrigo Borja, are confirming Ecuador's democratic, pluralist, and Latin American direction, as you have well said, Mr President. I bring a message of peace and friendship from the Nicaraguan people on this historic date when we will be resuming diplomatic relations, convinced that relations between the Ecuadoran and Nicaraguan people were never broken and were never interrupted. We believe this because relations between countries go beyond borders, beyond language barriers, beyond political and ideological differences, and beyond [words indistinct]. The peoples of the world are united in the need to achieve a world of peace, a world in favor of justice, a world in favor of liberty.

This is being achieved here today, in this capital of Latin America, where political leaders of different ideological persuasions are meeting, all interested in peace, in living together, in respecting international law, and in rejecting positions of force and the policies of imperialists who try to subject and conquer the Latin America and Caribbean peoples. On this historic date, we greet President Rodrigo Borja, we greet and embrace the Ecuadoran people, and we wish that you will continue to build your future with peace, liberty, justice, and democracy, as the Ecuadoran people are determined to do.

Costa Rica's Arias on Peace, Castro Talks

PA1108195588 Paris AFP in Spanish 1929 GMT 11 Aug 88

[Text] Quito, 11 Aug (AFP)—Costa Rican President Oscar Arias stated here today that the Central American peace plan signed by five regional presidents in Esquipulas 1 year ago shows "a positive balance" and he added that Ecuadoran President Rodrigo Borja and Cuban President Fidel Castro can do much to help achieve the final objective of that plan.

Arias, who is attending the inauguration of Social Democrat Borja, who took office yesterday from conservative Leon Febres Cordero, said that although all the presidents who signed the peace plan "could not be totally satisfied" because the objective has not been achieved, the objective "was very lofty."

The plan was signed by the presidents of Costa Rica, El Salvador, Guatemala Honduras, and Nicaragua on 7 August 1987.

Arias, who received the Nobel Peace Prize for his efforts, said the positive actions, such as the dialogues, the release of prisoners, and other things that have occurred since the signing of the agreement on 7 August 1987, "are due to the peace plan. Nothing is due to the violence or the war, but to a new atmosphere."

The Costa Rican president expressed his disagreement with the U.S. aid to the insurgents in Nicaragua where "a dialogue has been partly" achieved, something that has happened in El Salvador and Guatemala.

Arias said that in a meeting with U.S. Secretary of State George Shultz here yesterday, he reiterated to Shultz that "I will never be in favor of the military path" or the resumption of that path for the insurgents.

"We will insist on the renewal of the dialogue. Peace in Central America is very difficult if there is no democracy," he added.

He also mentioned his request to Nicaraguan President Daniel Ortega to release individuals arrested for participating in an antigovernment demonstration, to lift the censorship of the closed press, and to resume the dialogue with the contras. He added that he offered Costa Rican territory for this purpose. He also said he discussed these topics with Fidel Castro.

Arias said that for the first time in his life he had the opportunity yesterday in Quito to speak with Castro, with whom he discussed the topic of peace in Central America, about which the Cuban leader said he would give him a reply.

Arias said that to achieve peace, "one needs many wills, many people, and Fidel Castro is one of them. I spoke to him sincerely. He has a very important role to play if we want to achieve peace."

Arias disclosed that "the topic of Central America was not exhausted with Fidel Castro" and they agreed on the need to continue discussing it but without specifying where or when they might continue their dialogue.

Arias also praised the agreement reestablishing relations between Ecuador and Nicaragua, which was signed here today by the presidents of the two countries, and he said that Borja "can greatly help" the peace plan and try to "convince" Ortega that the steps that the Sandinist regime has taken backward "do not lead anywhere."

President Alfonsin Meets Castro, Ortega

PY1108182988 Buenos Aires TELAM in Spanish 1756 GMT 11 Aug 88

[By special correspondent]

[Text] Quito, Ecuador, 11 Aug (TELAM)—Argentine President Raul Alfonsin and Cuban President Fidel Castro today held a meeting in Quito, Ecuador. The meeting, which lasted slightly more than 1 hour and which started at 1615 GMT, was held in the lobby of the Colon Hotel, where the Argentine president is lodged during his stay in Quito.

Before this meeting, Alfonsin held a meeting with Nicaraguan President Daniel Ortega, with whom he discussed the situation in Central America and the possibilities of achieving peace in the region.

After the meeting, Ortega said that the United States is obstructing the Esquipulas II treaty.

Colombian President Barco Meets Castro

PA1108181588 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 11 Aug 88

[Excerpt] President Barco met a few moments ago with Cuban President Commander Fidel Castro. The meeting lasted exactly 60 minutes, during which Latin American topics were discussed. President Castro described the 1-hour meeting with the Colombian president as useful and appropriate for Latin American brotherhood. He avoided the issue of the guerrillas and did not mention the topic of relations between Colombia and Cuba. There are no diplomatic relations between the two countries at this time. President Barco has a hectic schedule in Quito during President Rodrigo Borja's inauguration. The Colombian president spoke this morning with Fidel Castro and is now meeting with Uruguayan President Julio Maria Sanguinetti. [passage omitted]

Havana on Castro Meetings With Presidents

FL!108195588 Havana Radio Reloj Network in Spanish 1932 GMT 11 Aug 88

[Text] Commander in Chief Fidel Castro has had a busy schedule this morning during his third day in the Ecuadoran capital. At 1000 local time, at the downtown Hotel Colon, the president of the Councils of State and Ministers of Cuba had a fraternal meeting with the Uruguayan leader, Julio Maria Sanguinetti. At the same hotel, Fidel also met separately and held a lively conversation with Virigilio Barco, president of Colombia, and with Raul Alfonsin, president of Argentina.

Our commander in chief, along with the presidents of Costa Rica, Portugal, and Nicaragua, Oscar Arias, Mario Soares, and Daniel Ortega, respectively, will meet this afternoon at the National Palace with the Ecuadoran leader Rodrigo Borja.

Also this afternoon, at Independence Park, an act of solidarity with Nicaragua will be held which Daniel Ortega will attend.

Castro on Barco Meeting

PA1208043488 Bogota Inravision Television Cadena 2 in Spanish 0015 GMT 12 Aug 88

[Report by Maria Luisa Mejia from Ecuador]

[Text] Colombian President Virgilio Barco and Cuban President Fidel Castro met for more than an hour today in the Colombian president's suite. The meeting, which began at 1100, was also attended by Colombian legislators Galan, Meza, and Samper.

Contrary to expectations, the meeting did not result in a resumption of diplomatic relations between the two countries.

[Begin recording] [Castro] One cannot talk about the resumption of relations. We have had relations, without formalities. There has been a respectful interchange whenever necessary. We have trade relations. There was nothing formal. We did not even have time to speak about that. The hour went by rapidly. It flew.

[Reporter] Commander, Colombia is seriously affected by guerrilla activity. Do you think such activities could have a successful conclusion as they did in Cuba and Nicaragua?

[Castro] You are asking me something inappropriate for me to philosophize about. We have talked about problems that transcend our two countries, which has made this meeting very useful, very advisable, in my opinion. We have spoken more about general problems, problems that generate other problems. That is what we talked about—not effects, but causes of the situation and the objective problems that affect our hemisphere. [end recording]

More on Barco-Castro Talks

FL1208124388 Havana Radio Progreso Network in Spanish 1100 GMT 12 Jul 88

[Text] Commander in Chief Fidel Castro yesterday held meetings with Presidents Julio Maria Sanguinetti of Uruguay, Virgilio Barco of Colombia, and Raul Alfonsin of Argentina.

After his meeting with Sanguinetti, which was held behind closed doors, Fidel said the dialogue was positive and fraternal.

For his part, the Uruguayan leader said the meeting was frank and open, and problems concerning the continent were discussed.

The meeting between Fidel and the Colombian leader, Virgilio Barco, was held in a magnificent atmosphere of cordiality. Spokesmen of the Colombian Government have said that the talks were motivated by the effort to find greater continental cooperation and to strengthen Latin American integration.

The Colombian and Cuban presidents spoke for 60 minutes in the presidential suite of the Colon Hotel in Quito.

President Barco presented Fidel with books on Colombia, its government, and the text of the constitutional reform draft that was presented to the congress. At the conclusion of the dialogue, Barco accompanied the Cuban leader as far as the elevator amid a wave of journalists, cameramen, and photographers.

Fidel told the press that he could not discuss the renewal of relations because the two countries have excellent relations of friendship and trade. Fidel joked with journalists as he told him that his statements would be brief because time is more scare than currency.

A Colombian journalist asked him what he thought of the latest success of the rebels in that South American country and the Cuban chief of state replied, quote, it is not up to me to philosophize on that, end quote.

Fidel added that during his talk with Barco they discussed topics that go beyond the scope of the two countries. We discussed the causes of certain problems and not the effects of those problems, he said. Fidel also explained that he has no need to invite President Barco to visit Cuba because to do this, he said, all he has to do is tell us.

The visit between Fidel and the Argentine leader, Raul Alfonsin, took place on the first floor of the Colon Hotel and lasted 1 hour and 10 minutes. Fidel did not remark on this conversation because he left to participate in a meeting held at the Ecuadoran Foreign Ministry.

The previous day, the chief of the Cuban revolution met with Costa Rican President Oscar Arias for 1 and ½ hours. Arias said that they discussed peace in Central America during their meeting. The Costa Rican president added: I am particularly interested in continuing the talks.

Fidel later held talks and made political contacts with several Latin American personalities until the early morning hours. Among others, he spoke with Hortensia Bussi, widow of the constitutional president of Chile, and with Borja's new ministers.

Fidel also spoke with Danielle Mitterrand, wife of the French president, and Carlos Andres Perez, Venezuelan politician. He also spoke with Chilean opposition representatives Anselmo Sule and Anibal Ponce, Dominican Jose Pena Gomez, and Panamanian Foreign Minister Jorge Ritter.

In the context of this Latin American meeting in Quito, the presidents of Nicaragua and Ecuador, Daniel Ortega and Rodrigo Borja, respectively, signed the documents reestablishing diplomatic relations between the two countries.

Later, in a news conference, his first after assuming the presidency, Borja asked the United States to cooperate for peace in Nicaragua. I am convinced, he said, that the parties in conflict in Nicaragua long for peace and only the cooperation of the United States is required to achieve this.

Urges L.A. Unity

PA1208135388 Havana Cubavision Television in Spanish 0000 GMT 12 Aug 88

[Interview with Fidel Castro, first secretary of the PCC and president of the Councils of State and Ministers, by an unidentified reporter for Ecuadoran television; date and place not given—recorded]

[Text] [Reporter] For an international network which reaches 17 Latin American and European countries, we receive Mr Commander, President of Cuba, Fidel Castro. Please be seated, Mr President.

[Castro] Thank you.

[Reporter] Mr President, this program is dedicated exclusively to a discussion of Latin American unity. We have begun with a quote of the liberator Simon Bolivar from the letter of Jamaica, and we would like to know if, 174 years later, those ideas still prevail. Also, what is your message for Latin America on the unity and integration of the continent?

[Castro] Well, that is a very interesting question. First of all, however, I would like to ask another question. This is Television Andina?

[Reporter] That's right. [Words indistinct] of the Cartagena (?network).

[Castro] And who are we addressing?

[Reporter] We are addressing, through the Ecuadoran Association of Television Channels, a network of television channels which have confirmed their [words indistinct] which are Mexico, Costa Rica, Panama, Venezuela, Colombia, Peru, Bolivia, Argentina, Uruguay....

[Castro, interrupting] Almost all [words indistinct]

[Reporter] Paraguay, Spain, and two networks of [words indistinct]. That's right.

[Castro] [Words indistinct] I have been interviewed [words indistinct]

[Reporter] [Words indistinct] try to form out of the whole world a single nation, with a single bond that ties the parts to itself and to everything. Since it has an origin, language, customs, and religion, it should, therefore, have a single government, which would result in formation of a confederation of the different states. It is truly a union. This union will not come about through divine wonders, but rather through sensible actions and well-directed efforts. This is the letter from Jamaica dated 6 September 1815.

[Castro] Yes, yes. I have often thought about this problem. [Words indistinct] the history of the independence of Latin America. [Words indistinct] then, these missionary ideas. I have wondered if back then it would have been possible. I wonder if we can consider it frustrating that Bolivar's ideas in that regard did not come about. [Words indistinct] in those years, one country from another, so separated. It was a whole continent with the forests of the Amazon in the middle, the mountain ranges of the Andes, the difficulties in communications. When a letter was sent, let's say from Quito to Bogota or Caracas, it would possibly take 3, 4 weeks, months. I compare that to today when a message, like this one, takes 1 second, not even a second, but a fraction of a second. A physicist may say it takes 300 thousandths of a second. What a huge difference. I wonder how much easier Bolivar's task would have been if he had had these means of communication such as the telegraph, telephone, radio, television. How much easier his task would have been. If communication would have been possible then through trains, roads, or planes, that man who struggled and wanted so much, and accomplished so much, just imagine what he would have been able to do in a time like this.

Therefore, I think that the [word indistinct] conditions of that time made it very difficult for his dreams to become reality. What we have to ask ourselves today is if under these present conditions, the moment is approaching when his dreams will become reality. I could almost humorously point out that back then there wasn't a foreign debt. In those times, the present phenomenon of unequal trade did not exist; there was not such a great need for unity. During the time of Bolivar, it was a conscious wish, a dream based on great aspirations. Today, these ideas of unity and integration are not simply a dream, a wish, or something beautiful. They are a vital necessity for the survival of our nations.

If we analyze today's world, we can see that it is a world of large communities. For example, the United States is a huge, gigantic community. If we look at Europe, we can see that today, despite centuries of war and division—wars for national, religious, and monarchical succession reasons—Europe is united, and each time becomes more united, and integrated in a gigantic community. If we look at the socialist realm in Europe, in [words indistinct]. The socialist realm in Europe is another large community. If we look at China, [words indistinct] a large community. If we look at Japan, it's an industrial power in today's world. It has more than 100 million inhabitants. Compare that to the situation of Latin America. It has more than 20 divided nations [words indistinct]. And I ask myself this question: Could Europe conceive of its present standard of living, its present industrial and technological development, without the

European Economic Community? Countries like England, which was the cradle of the industrial revolution, or France and Germany. They could not conceive of their very existence, their economies, without the community. I wonder then, how (?can) the small, the medium, or the largest countries of Latin America conceive of their future, their well-being, and their survival potential and possibilities without integration and unity—economic unity, first of all. These days we talk about progressive, economic unity. We don't talk about political unity yet. We don't talk about what Bolivar says: a single government. I think we are very distant from that stage. If you ask me what the most important and urgent thing is at this moment, I would say that it is our independence. Independence means for us to be truly independent and not dependent.

[Reporter] When Simon Bolivar calls the amphictyonic congress in Panama in one of his letters, he thinks of the city of Quito as an alternative (?to) Panama [words indistinct] of Quito, do you think [words indistinct].

[Castro] [Words indistinct] the Third World and the whole world. Above all, America was united. All the countries of America were present. Well, there are many advantages to Quito; it is [words indistinct]. If you look at the distance between Mexico and Argentina, you'll see that Quito is pretty much in the middle. But I should not be the one to give opinions on this. [Words indistinct] so well received. I have been treated with such warmth and affection that whatever opinion I give, I will be accused of being partial. So, [words indistinct] to choose. If you ask me to vote, I would vote for Quito. I don't know if I'm being objective enough; I have liked this city so much. I have liked its climate, the people. So, if you ask me to vote, [words indistinct] I would vote for Quito.

Now, we are going to have to flatten one of these hills [laughter]. We are going to have to flatten one of these mountains, I don't know whether with a bulldozer or whatever, because the problem here is landing. They say that taking off will be difficult. [Words indistinct] is the problem with landing.

Aside from that, I think it would make a marvelous capital for a community, like the one that Bolivar dreamed about.

[Reporter] Mr President, thank you very much for your remarks. [passage indistinct]

[Castro] I thank you. For me, it is a privilege [words indistinct] this meeting, and the opportunity to answer your questions. Thank you very much.

[Reporter] Thank you, Mr President.

President Sanguinetti on Integration

PY1208040088 Montevideo Radio Carve in Spanish 0000 GMT 12 Aug 88

[Excerpts] President Julio Maria Sanguinetti is on his way back to Uruguay. He will arrive in Buenos Aires at 2400 in the Argentine presidential plane along with President Raul Alfonsin, and will immediately fly to Montevideo.

During his last few hours in Quito, President Sanguinetti met with regional political leaders and presidents. In the company of other presidents, President Sanguinetti lunched with new Ecuadoran President Rodrigo Borja and then met with the Uruguayan community in Quito and the students of the Uruguay, General Artigas, and Jose Enrique Rodo schools.

President Sanguinetti mentioned the accords between Brazil, Argentina, and Uruguay as examples of an effort toward reaching unity and continental integration. Sanguinetti said that Latin America must realize that this is the most competitive time in its history.

During a program, which was broadcast by the Cartagena Accord Television, President Sanguinetti said:

[Begin recording] Nowadays, there is an integrationist conscience, a unitarian conscience regarding the common problems that have often united us. It is surprising and sad, however, to realize that these problems failed to unite us before. However, that is not important. We must accept things the way they are and assume our position in history in accordance with the facts as they present themselves. What really matters is that we must now respond positively to this challenge, and I believe we are, in fact, responding positively.

We are responding to this challenge through the implementation of regional processes, such as the Andean regional process and the Atlantic regional process currently being promoted by Argentina, Brazil, and Uruguay. We are giving a political, united response to this challenge through the Contadora Group, the Cartagena Group, and the Group of Eight. We are responding to this challenge through the creation of common markets. Above all, we are trying to convince the people of the need to create in Latin America a vast economic, social, and cultural space. We must transform the Latin American identity into a strong power structure, and I believe we are succeeding in doing so. [passage omitted]

We now must confront the enormous competitiveness of our world, with its great powers, and its consequent protectionism. [passage omitted]

We must overcome all that. We are beginning an era in which Latin America must mature, must assume its role responsibly, and must realize that we have never had to face this type of challenge before. We are living in an extremely competitive world. [passage omitted]

We are living in an interdependant world, with great power centers that grow by the day. The United States is not the only power now. The EEC has become a power, Japan has become a power, the new nations are also becoming powers, and Latin America must get ready to do the same. [end recording] [passage omitted]

Peru

Delegation in Ecuador Boycotts Inauguration

PY1208031788 Lima Television Peruana in Spanish 0100 GMT 12 Aug 88

[Excerpts] Today Vice President Luis Alberto Sanchez and Foreign Minister Luis Gonzalez Posada explained that the Peruvian delegation did not attend the inauguration of Ecuadoran President Rodrigo Borja because the latter mentioned a nonexistent border problem with Peru in his speech. The two officials also dismissed the possibility of breaking diplomatic relations with Ecuador and expressed the Peruvian Government's firm intention to strengthen constructive ties with Ecuador and to work for regional unity.

The two high-ranking officials made these remarks at the Government Palace, upon arrival in Lima from their visit to Ecuador. [passage omitted]

[Begin Gonzalez Posada recording] The Peruvian delegation that traveled to Ecuador to attend the presidential inauguration was informed that the speech to be delivered by the constitutional president, Rodrigo Borja, mentioned a topic that did not contribute to a rapprochement between our two countries nor to Latin American integration. Under the circumstances, the delegation took the necessary steps and requested that this part of the speech be omitted. As this request was not complied with, the Peruvian delegation decided not to attend the presidential inauguration ceremony, thus elminating the need to leave the ceremony during the speech.

The Peruvian delegation reiterates the Peruvian Government's intention of preserving and strengthening constructive ties with the Republic of Ecuador within the legal framework of relations existing between the two countries, which have been intact for several years in various and important projects of mutual interest.

Lima, 11 August 1988. [end recording]

Peruvian Airline To Buy or Lease Soviet Planes

PY1208032688 Lima EL COMERCIO in Spanish 6 Aug 88 p A-1

[Text] Before returning to his country, yesterday Soviet Civil Aviation Minister Aleksandr Volkov announced that the Soviet Union would sell or lease airplanes to Aeroperu [Peruvian State Airlines] and that with this goal in mind, aviation experts from the two countries will meet in late August.

Volkov said that a decision must still be made whether the meeting will be held in Moscow or in Lima. He noted, however, that the meeting would probably be held in Lima.

Volkov explained that payments for selling or leasing the Soviet airplanes could be made through a compensatory mechanism, in exchange for the services rendered to Aeroflot airplanes at Jorge Chavez International Airport.

Uruguay

Union Leader Shot At; Transport Strike Begins

PY1108133288 Montevideo Radio Carve in Spanish 1000 GMT 11 Aug 88

[Text] Early this morning unidentified people attacked the chairman of the Federation of Transportation Workers [FOT], Victor Rossi. A little after midnight, gunshots were fired at Rossi as he was entering Montevideo CX-30 La Radio Station. The shots, fired from a moving car, broke windows at the radio station building at the level of the heads of people working there. Fortunately, no one was injured.

Rossi stated that although little evidence is available, the FOT has received repeated threats during the recent past. Rossi added that this attack is just another example of the tense situation prevailing in the country and that it coincides with the beginning of the transportation workers strike.

The radio station is located on Agraciada and San Martin Avenues.

The transportation workers strike began at 0000 last night. This morning, bus service in Montevideo was still restricted. There were also very few taxis circulating in the city. There is hope that after 0700 this morning CUTCSA [Uruguayan Bus Company, Inc.] buses will begin circulating. Buses from other companies are expected to begin emergency service between 0730 and 1800, bringing the total number of units to about 600.

Suriname

Rebels Attack Army Patrol; 1 Soldier Killed

FL1108133788 Bonaire Trans World Radio in English 1130 GMT 11 Aug 88

[Text] Surinamese rebels have attacked an Army patrol yesterday. The soldiers were guarding vital economic sites in the eastern jungles of the Patamacca region, 60 miles east of Paramaribo. One soldier was killed in the attack and two were wounded.

This brings to four the number of soldiers killed since a tentative cease fire was signed in Suriname with rebel leader Ronny Brunswijk on June the 29th.